UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2021 (No. 1)

Commission File Number 001-37846

QUOIN PHARMACEUTICALS LTD.
(Translation of registrant's name into English)

23 Hata'as Street
Kfar Saba, Israel 44425
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):_____

EXPLANATORY NOTE

Unaudited Interim Financial Statements as of, and for the period ended, June 30, 2021 and Related Management's Discussion and Analysis of Financial Condition and Results of Operations

On November 23, 2021, Quoin Pharmaceuticals, Inc. ("Quoin"), a wholly-owned subsidiary of Quoin Pharmaceuticals Ltd. (the "Company"), issued unaudited interim financial statements as of, and for the period ended, June 30, 2021, together with the related Quoin's Management Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), attached hereto as Exhibits 99.1 and 99.2, respectively, and incorporated by reference herein.

Appointment of Chief Financial Officer

Effective as of November 1, 2021, the Board of Directors (the "Board") of the Company appointed Gordon Dunn as the Chief Financial Officer.

Mr. Dunn, 57, has over 30 years of finance experience. He served as Chief Financial Officer of Qured, a UK-based healthcare provider, from March 2020 to October 2021, and as Chief Financial Officer of U-Research, an online company information platform, from July 2017 to March 2020. Mr. Dunn also served as Chief Financial Officer of Anton Corporation, a film and media finance company, from September 2016 to July 2017, and as Chief Financial Officer of Innocoll AG from 2012-2016. Prior these roles, he had deep experience in investment banking and private equity, serving as Portfolio Manager of NewSmith Asset Management, a private equity fund from 2004 to 2014, and as Director of Investment Banking and Co-Head of Private Equity at Merrill Lynch, in addition to other roles, from 1994 to 2003.

Agreement with Chief Financial Officer

Pursuant to the Employment Agreement, dated November 1, 2021, between Mr. Dunn and Quoin, Mr. Dunn is entitled to an annual base salary of $360,000. In addition, Mr. Dunn is entitled to receive (i) a signing bonus equal to one-twelfth of his annual base salary, and (ii) subject to employment by Quoin on the applicable date of bonus payout, an annual target discretionary bonus of not less than 30% of his annual base salary, payable at the discretion of the Board, which will be prorated for 2021. Upon the Company's adoption of a stock option plan, the Company will grant an option to Mr. Dunn to purchase ordinary shares of the Company, with $1.25 million grant date value, subject to the terms of such plan. Mr. Dunn is also eligible to receive healthcare benefits as may be provided from time to time by Quoin to its employees generally and paid time off annually in accordance with Quoin's policies in effect from time to time.

The foregoing description of the Employment Agreement with Mr. Dunn does not purport to be complete and is qualified in its entirety by reference to the complete text of such Employment Agreement, attached hereto as Exhibit 10.1 and incorporated by reference herein.

Executive Compensation

Effective as of November 9, 2021, the Board approved amendments to employment agreements with Michael Myers, the Company's Chief Executive Officer, and Denise Carter, the Company's Chief Operating Officer, to provide for their annual base salaries of $555,000 and $440,000, respectively. The Board also approved target discretionary bonuses of not less than 45% of Mr. Myers', Ms. Carter's and Mr. Dunn's respective annual base salaries. In addition, the Board granted a transaction bonus of 36% of each of Mr. Myers' and Ms. Carter's annual base salaries related to the completion of the merger and private placement transactions discussed in the attached financial statements and related MD&A.

Research Agreement

Effective as of November 1, 2021, Quoin entered into a Research Agreement (the "Research Agreement") with Queensland University of Technology, Australia, to collaborate on the project related to the treatment of Netherton Syndrome.

The foregoing description of the Research Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of such Research Agreement, attached hereto as Exhibit 10.2 and incorporated by reference herein.

License and Supply Agreements

Quoin entered into (i) a License and Distribution Agreement, dated as of November 5, 2021 (the "AFT License Agreement"), and (ii) a Supply Agreement, dated as of September 15, 2021 (the "AFT Supply Agreement"), with AFT Pharmaceuticals Ltd., a New Zealand company ("AFT"). Under the terms of the AFT License Agreement, AFT has exclusive rights to commercialize pharmaceutical product QRX003 (the "Product") in Australia and New Zealand, upon the receipt of regulatory approvals in both territories. Upon approval and launch of the Product, Quoin will be entitled to a 20% royalty on net sales of the Product in Australia and New Zealand. Under the AFT Supply Agreement, Quoin is obligated to manufacture and supply the Product to AFT.

The foregoing description of the AFT Research Agreement and the AFT Supply Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of such agreements, attached hereto as Exhibits 10.3 and 10.4, respectively, and incorporated by reference herein.

Quoin entered into (i) a License and Distribution Agreement (the "Genpharm License Agreement") and (ii) a Supply Agreement (the "Genpharm Supply Agreement"), each dated as of November 7, 2021, with Genpharm Services FZ LLC, a United Arab Emirates company ("Genpharm"). Under the terms of the Genpharm License Agreement, Genpharm has exclusive royalty-free rights to commercialize the Product in the Middle East and North Africa region, upon the receipt of regulatory approvals in both territories. Under the Genpharm Supply Agreement, Quoin is obligated to manufacture and supply the Product to Genpharm.

The foregoing description of the Genpharm Research Agreement and the Genpharm Supply Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of such agreements, attached hereto as Exhibits 10.5 and 10.6, respectively, and incorporated by reference herein.

The information in this Form 6-K, including the exhibit hereto, shall be incorporated by reference into the Company's registration statements on Form S-8 (Registration Nos. 333-214817, 333-220015, 333-225003 and 333-232230), on Form F-3 (Registration No. 333-219614) and on Form F-1 (Registration No. 333-229083).

Exhibits

Exhibit No.	Exhibit
10.1	Employment Agreement with Gordon Dunn
10.2	Research Agreement with Queensland University of Technology, Australia
10.3	License and Distribution Agreement with AFT Pharmaceuticals Ltd.
10.4	Supply Agreement with AFT Pharmaceuticals Ltd.
10.5	License and Distribution Agreement with Genpharm Services FZ LLC
10.6	Supply Agreement with Genpharm Services FZ LLC
99.1	Unaudited Interim Financial Statements as of, and for the period ended, June 30, 2021
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations as of, and for the period ended, June 30, 2021

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 23, 2021

QUOIN PHARMACEUTICALS LTD.

By: /s/ Gordon Dunn
Name: Gordon Dunn
Title: Chief Financial Officer

Service Agreement

(1) Quoin Pharmaceuticals, Inc.

(2) Gordon Dunn

Dated November 1, 2021

This Agreement is made and effective on November 1, 2021

Between:

(1) **Quoin Pharmaceuticals, Inc.**, a Delaware corporation with registered number SR 20181693856 whose registered office is at 251 Little Falls Drive, Wilmington, DE 19808 **(Company, we, us)**; and

(2) **Gordon Dunn** of 111 Abingdon Road, London W8 6QU (**You, your)**.

It is agreed as follows:

1. **Definitions and interpretation**

1.1 This Agreement means this agreement and any schedules to this agreement which form part of and are incorporated into this agreement.

1.2 The definitions and rules of interpretation in Schedule 1 apply to this agreement.

2. **Position**

2.1 You agree to serve as Chief Financial Officer of the Company or such other position as we may agree between us from time to time on the terms of this Agreement.

2.2 You warrant that you are entitled to work in the United Kingdom without any additional approvals and that you are not subject to any restrictions which prevent you from holding office as an officer. You will notify us immediately if this position changes during your Employment.

2.3 There is no mandatory training relating to your Employment and which you are required to pay for. You are expected to engage in training opportunities provided to you from time to time.

3. **Term**

3.1 Your Employment will commence on November 1, 2021, and will continue until terminated in accordance with the terms of this Agreement.

3.2 You do not have any employment with a previous employer which counts towards your period of continuous employment with us.

4. **Probationary Period**

Your Employment is not subject to a probationary period.

5. **Duties**

5.1 You will carry out those duties which attach to your position of Chief Financial Officer, together with any other duties which are assigned to you by us from time to time (and which are commensurate with your position), and shall report to the Company's Chief Executive Officer or his or her designee.

5.2 On our request, you agree to accept and hold, without additional remuneration, any offices and posts for us and/or any Group Company.

5.3 During your Employment you will:

(a) devote the whole of your working time, attention and abilities to our business and the business of any Group Company, unless prevented by any Incapacity;

(b) faithfully and diligently exercise such powers and perform such duties as we may from time to time assign to you, together with such person or persons as we may appoint to act jointly with you;

(c) comply with all reasonable and lawful directions given to you by us and observe in form and spirit any restrictions or limitations which may from time to time be imposed on you by us;

(d) promptly make such reports to the Board in connection with our or any Group Company's affairs on any matters and at any times as are reasonably required or requested by the CEO (or his designee);

(e) immediately, on becoming aware of it, report your own wrongdoing and any wrongdoing or proposed or contemplated wrongdoing of any director, employee or worker of the Company or any Group Company (irrespective of whether this involves any degree of self-incrimination) to the Board;

(f) use your best endeavours to promote, protect, develop and extend our business and the business of any other Group Company (save where this causes a conflict with the Company's interests);

(g) at all times comply with our policies relating to Anti-corruption and Bribery and Data Protection as may be in force and amended from time to time;

(h) comply with all requirements, recommendations or regulations as amended from time to time of any regulatory authorities relevant to the Company and/or any Group Company and any code of practice, policies or procedures manual issued by the Company (as amended from time to time) relating to dealing in the securities of the Company and/or any Group Company. In relation to overseas dealing you shall observe all laws and all regulations of the stock exchange, market or dealing system in which country or state such dealings take place;

5.4 We take a zero-tolerance approach to tax evasion. Accordingly, you must:

(a) not engage in any form of facilitating tax evasion, whether under UK law or under the law of any foreign country;

(b) immediately report to the Board any request or demand from a third party to facilitate the evasion of tax or any concerns that such a request or demand may have been made; and

(c) at all times comply with our own internal policies relating to tax-evasion (as amended from time to time).

5.5 You will comply with any of our rules, policies and procedures in force from time to time, which may be set out in a staff handbook. Any staff handbook in force from time to time does not form part of this Agreement and we may replace, amend or withdraw any policy at any time. To the extent that there is any conflict between the terms of this Agreement and any policy, this Agreement will prevail.

6. **Place of Work**

6.1 Your normal place of work is your home address in the UK, as specified at the head of this Agreement or otherwise notified to the Company (**Home Address**). The provisions in Schedule 3 will apply whilst you work from your Home Address.

6.2 We reserve the right to change your normal place of work upon reasonable notice to you, to any office premises established by the Company in the Greater London area in the UK.

6.3 You may be required from time to time to travel to and work at such other locations on a temporary basis as the Company considers necessary for the proper performance of your duties. For the avoidance of doubt, you shall not be reimbursed travel expenses from your Home Address to our offices in the UK (if any).

6.4 You are required to inform us as soon as possible if you plan to change your Home Address and when your Home Address does actually change.

6.5 You confirm that you are not in breach of any covenant or agreement in working from your Home Address. You agree to comply with any home working policy in force from time to time.

6.6 There is no current requirement for you to work outside the UK for any consecutive period of one month or more.

7. **Expenses**

7.1 We will reimburse (or procure the reimbursement of) all reasonable expenses to the extent pre-approved by the Company, wholly and properly incurred by you in the course of your Employment, subject to production of VAT receipts or other appropriate evidence of payment as we may request in compliance with our expenses policy in force from time to time.

7.2 Any credit card supplied to you by us must only be used for expenses incurred by you in the course of your Employment and in accordance with the relevant Company policies in force from time to time. You must take good care of the card and you must report any loss immediately to us. The card must be returned to us immediately on request.

8. **Hours of work**

8.1 You will work such hours as may be necessary for the proper performance of your duties. You agree that your employment falls within Regulation 20 WTR.

8.2 By signing this Agreement you:

(a) acknowledge that in the event your Employment is deemed to fall outside of Regulation 20 WTR you may be required to work in excess of an average of 48 hours in any one period of 7 calendar days and consent to do so if requested by the Company or if otherwise necessary for the fulfilment of your duties. You may withdraw such consent by giving no less than 3 months' prior notice in writing to the Company of such withdrawal;

(b) confirm that you do not undertake any other work for any employer and undertake to seek our consent before undertaking work for any other employer; and

(c) agree to fully co-operate in assisting us to maintain accurate records of your working hours for the purposes of the WTR.

9. **Base Salary**

9.1 You will be paid a salary of USD$360,000 per annum, subject to the deduction of tax and national insurance which we are required by law to deduct. Your salary is inclusive of any fees you are entitled to as officer of us and/or any Group Company.

9.2 Your salary will be paid in equal instalments in accordance with our policies and procedures in effect from time to time. Your salary will accrue from day to day at a rate of 1/260 of your salary.

9.3 Your salary will be reviewed by the Board annually. Following a salary review, we are under no obligation to award any increase. Any increase which is awarded will be effective from the date specified by the Board. Your salary will not be reviewed where notice has been given to terminate your Employment (whether by you or by us).

10. **Bonus**

10.1 In order to be eligible to receive the following bonus amounts you must be employed by the Company at the time of the pay out of such bonuses.

10.2 For the time period starting on the date of commencement of your employment and ending 31 December 31, 2021 (the "2021 Fiscal year"), you will be eligible to earn a pro-rated bonus determined by multiplying (i) the quotient obtained by dividing (A) the number of days you worked in the 2021 Fiscal Year (B) 365, and (ii) 30% of your Base Salary, provided that the foregoing amount may be greater (but not less) based on your performance as determined in the sole discretion of the Board (or any committee thereof).

10.3 For each fiscal year ending during your employment and starting after 31 December 2021, you will be eligible to earn an annual bonus equal to at least 30% of your Base Salary, provided that the foregoing amount may be greater (but not less) based on your performance as determined in the sole discretion of the Board (or any committee thereof).

10.4 As soon as practicable after the effective date of this Agreement and subject to Board, stockholder and all other required approvals, upon Quoin LTD's adoption of a stock option plan for similarly situated executives of the Company, the Company shall cause Quoin LTD to grant to Executive the option to purchase US$1.25 million worth of shares of Quoin LTD's common stock pursuant and subject to such stock option plan.

10.5 On the date hereof, the Company shall pay you a signing bonus equal to 1/12 of your basic salary set forth in clause 9.1 above subject to the deduction of tax and national insurance which we are required by law to deduct. Any further entitlement to a bonus shall be in accordance with clauses 10.1 to 10.3 above.

11. **Pension**

We will comply with the employer pension duties in accordance with part 1 of the Pensions Act 2008.

12. **Other Benefits**

12.1 Subject to the remaining provisions of this clause 12, we will provide you with private medical insurance cover for you and your eligible dependants. We may satisfy this obligation by reimbursing you for the costs of a personal private medical insurance policy taken out by you, provided that such benefit provided or reimbursed to you under this clause 12.1 shall not exceed GBP£12,000 per annum.

12.2 You will also be entitled to participate in such benefit schemes which we may operate from time to time.

12.3 Participation and entitlement to benefits under any benefit scheme is subject to:

(a) the terms of the relevant scheme as amended from time to time;

(b) the rules or policies as amended from time to time of the relevant scheme provider;

(c) acceptance by the relevant scheme provider; and

(d) satisfaction of the normal underwriting requirements of the relevant insurance provider by you, and as appropriate any of your dependants, and the premium being at a rate which we consider reasonable.

12.4 We will only be obliged to make payments to you or, as the case may be, your eligible dependants under any benefit scheme where we have received payment from the insurance provider for that purpose. If an insurance provider refuses to provide any benefit to you or, as the case may be, your eligible dependents based on its own interpretation of the terms and/or rules of the relevant scheme (or otherwise), we will not be liable to provide you with any replacement benefit or pay any compensation in lieu of that benefit.

12.5 In our sole and absolute discretion, we reserve the right to discontinue, vary or amend any benefit scheme (including the provider and/or level of provided under any scheme) at any time and on reasonable notice to you. You agree that we will not be under any obligation to continue your Employment under this Agreement so that you may continue to receive any benefits provided under it and you agree that you will have no entitlement to compensation or otherwise from us and/or any Group Company for the loss of any such entitlements and/or benefits.

13. **Holidays**

13.1 You are entitled to 25 days' paid holiday in each holiday year plus the usual public holidays in England and Wales. In the years your Employment starts or finishes, your holiday entitlement will be calculated on a pro-rata basis rounded up to the nearest half day.

13.2 Holiday requests must be agreed in advance in writing with the CEO (or his designee) in accordance with our holiday policy in force from time to time.

13.3 On giving at least 5 days' notice in writing, we may require you to take (or not to take) accrued holiday on particular dates, including during your notice period. Any accrued but unused holiday entitlement will be deemed to be taken during any period of garden leave taken pursuant to clause 18 unless agreed otherwise.

13.4 Subject to clause 13.5, you cannot carry forward accrued but untaken holiday from one holiday year to the following year, except as set out in our holiday policy in force from time to time or as otherwise agreed in advance with the CEO (or his designee).

13.5 You can carry forward accrued but untaken holiday where you have been prevented from taking it in the relevant holiday year due to a period of sickness absence or statutory leave:

(a) In cases of carry-over of accrued but untaken leave due to sickness absence, any carry-over is limited to four weeks' holiday per year including bank holidays and that carried-over leave must be taken within eighteen months of the end of the relevant holiday year or it will be lost.

(b) In cases of carry-over of accrued but untaken leave due to statutory leave, any carried-over leave must be taken during the holiday year it is carried into.

13.6 You will have no entitlement to any payment in lieu of accrued untaken holiday except on termination of your Employment. Subject to clause 13.7 below, the amount of any such payment in lieu will be an amount equal to 1/260 of your salary for each untaken day of entitlement in the Holiday Year your employment terminates.

13.7 If we have terminated or would be entitled to terminate your Employment summarily under clause 20 or if you have terminated your Employment in breach of this Agreement, any payment in lieu under clause 13.6 will be limited to your statutory entitlement under the WTR.

13.8 If you have taken more holiday than your accrued holiday entitlement at the date your employment terminates, we will be entitled to deduct the excess holiday pay from any payments due to you. The amount of any payment will be calculated at 1/260 of your salary for each excess day.

13.9 In addition to any paid holiday and paid absence for Incapacity (see clause 14 below) in accordance with this Agreement, you will be entitled to take other leave (which may or may not be paid) during your Employment. Further details are usually set out in our policies and/or available upon request from the CEO or the Board.

14. **Sickness Absence**

Your absence

14.1 If you are unable to perform your duties due to Incapacity, you must report this to the CEO (or his designee) on the first day of absence and indicate so far as possible the date on which you expect to return to work.

14.2 You will keep us up to date regarding your Incapacity on request and provide us with such certification or other information regarding your Incapacity as we require. You will comply with any sickness policy in force from time to time.

14.3 At our request, you agree to consent to medical examinations (at our expense) by a doctor nominated by us. We are entitled to rely on the reasonable opinion of any doctor engaged to examine you under this clause as to your fitness for work. For the avoidance of doubt, if the doctor considers you unfit for work your only entitlement to remuneration will be sick pay in accordance with this clause 14.

Sick pay

14.4 Subject to your compliance with this Agreement (in particular clauses 14.1, 14.2 and 14.3 above), you will be entitled to receive base salary and contractual benefits during any periods of Incapacity up to a maximum number of 3 months in any 52 week period. These payments will be inclusive of any statutory sick pay (SSP) due. Your qualifying days for SSP purposes are Mondays to Fridays. Any pay or benefits (if any) paid from time to time in excess of that set out in this clause 14.4 will be in our absolute discretion.

14.5 Save where the Board determines in its absolute discretion, no sick pay, except for any SSP, will be payable for any period where:

(a) you are subject to any investigation or process for your conduct or performance or you are potentially at risk of redundancy and which could result in the imposition of a warning, dismissal or other sanction (including any performance measure); or

(b) you refuse on request to obtain a medical report from your GP or any other person responsible for your clinical care and/or to attend a medical examination by our appointed doctor and provide your medical records to that doctor.

Recovery

14.6 If your sickness or injury appears due to actionable negligence, nuisance or breach of any statutory duty on the part of a third party and damages are or may be recoverable, you will immediately notify the Board of the fact and of any claim, settlement or judgment made or awarded in connection with it, together with all relevant particulars that the Board may reasonably require. On request you agree to co-operate in any related legal proceedings. You will refund to us any damages or compensation which you receive and which relate to your loss of earnings for the period of your sickness or injury as reasonably determined by us/the Board, less any costs borne by you in connection the recovery of such damages or compensation, provided that the amount to be refunded will not exceed the total amount paid to you by us in respect of that period of your sickness or injury.

15. **Outside interests**

15.1 Save as provided for in clause 15.2 below, except as our representative or with the Board's prior written approval, during the term of this Agreement (whether during or outside normal working hours and whether paid or unpaid), you agree:

(a) not to be directly or indirectly engaged, concerned or have any financial interest as an agent, consultant, director, employee, owner, partner, shareholder or in any other capacity, in any other business, trade, venture, organisation, profession or occupation, or in the setting up of the same;

(b) not to carry out any public or private work other than your duties under this Agreement. except that you may engage in charitable or public service so long as such activities do not conflict with the performance of your duties.

15.2 You may:

(a) engage in charitable or public service so long as such activities do not conflict or interfere with the performance of your duties under this Agreement;

(b) hold an investment of shares or other securities of not more than 5% of the total issued share capital of any company (whether or not it is listed or dealt in on a recognised stock exchange) and where such company does not carry on a business similar to or competitive with any business for the time being carried on by us or any Group Company; and

(c) continue as a non-executive director of Health Technologies Limited, U-Research Limited and Oddonos Gelati Italiani Limited and hold more than 5% of the total issued share capital in these companies.

15.3 You agree to disclose to the Board any matters relating to your spouse or civil partner (or anyone living as such), children or parents which may reasonably be considered to interfere, conflict or compete with the proper performance of your obligations under this Agreement.

16. **Confidential Information**

16.1 You acknowledge that in the course of your Employment you will have access to Confidential Information. You have therefore agreed to accept the restrictions in this clause 16.

16.2 You shall not during your Employment (except in the proper course of your duties) or at any time after its termination (however arising) directly or indirectly, use, disclose or communicate to any person any Confidential Information.

16.3 Clause 16.2 does not to apply to:

(a) any use or disclosure authorised by the CEO or the Board and/or as required by law;

(b) any information which is already in or comes into the public domain other than through your unauthorised disclosure;

(c) any protected disclosure within the meaning of s43A Employment Rights Act 1996;

(d) reporting a suspected criminal offence to the police or any other law enforcement agency or cooperating with the police or any law enforcement agency regarding a criminal investigation or prosecution;

(e) doing or saying anything that is required by HMRC or a regulator, ombudsman or supervisory authority;

(f) whether required to or not, making a disclosure to or cooperating with any investigation by HMRC or a regulator, ombudsman or supervisory authority regarding any misconduct, wrongdoing or serious breach of regulatory requirements (including giving evidence at a hearing);

(g) complying with an order from a court or tribunal to disclose or give evidence; and/or

(h) disclosing information to HMRC for the purposes of establishing and paying (or recouping) tax and national insurance liabilities arising from your employment or its termination.

16.4 You agree that you will:

(a) use your best endeavours to prevent the unauthorised publication, disclosure or copying of any Confidential Information;

(b) inform the Board immediately if you become aware or suspect that any person, company or organisation knows or has used any Confidential Information; and

(c) return all Confidential Information and Copies immediately on request.

17. **Intellectual Property**

17.1 You will promptly disclose to us full details of any Invention and/or Works (including, without limitation, any and all computer programs, photographs, plans, records, drawings and models) which you (whether alone or with any other person) originate, make, conceive, create, develop, write or devise at any time during the Employment (whether during normal working hours or at the premises of the Company or otherwise). You will treat all Inventions and Works as Confidential Information of the Company.

17.2 You acknowledge that as our employee, property and Intellectual Property Rights in such Inventions and Works belong to us. To the extent not already vested in us by operation of law:

(a) You will hold all Intellectual Property Rights in such Inventions and/or Works and any materials embodying the same on trust for us until any rights to such Inventions and/or Works have been fully and absolutely vested in us in accordance with the remaining provisions of this clause 17;

(b) subject to sections 39-43 of the Patents Act 1977, you will assign to us all patents and rights to apply for patents or other appropriate forms of protection in each Invention throughout the world;

(c) you assign to us with full title guarantee by way of present and future assignment all copyright, design rights and other proprietary intellectual property rights (if any) for their full terms throughout the world in respect of the Works; and

(d) you will execute any document necessary to assign to us any rights referred to under this clause 17 and at our request and expense, do all things necessary or desirable (including entering into any agreement which we reasonably require) to vest such rights in us including without limitation applying and joining in with us in applying for any protection for or registration of any such rights to enable us and/or any Group Company and/or any nominee of us or any Group Company to obtain the full benefit and/or substantiate our rights and/or those of any Group Company under paragraphs (a), (b) and (c).

17.3 You acknowledge and agree that the patenting and exploitation of any Invention will be at our sole discretion. You will not apply to register any Intellectual Property Right in your own name or do anything which would impact on the validity of any Intellectual Property Right obtained or to be applied for by us, any Group Company and our and/or their nominee at any time during your Employment.

17.4 You irrevocably and unconditionally waive in favour of us any and all present and future moral rights conferred on you by Chapter IV, Part I, Copyright Designs and Patents Act 1988 and to the extent permitted by applicable law any other similar rights provided for under the laws now or in future in force in any part of the world for any Work, the rights in which are vested in the Company whether by clause 17.2 or otherwise.

18. **Garden Leave**

18.1 During any period of notice to terminate your Employment (whether given by you or us), or if you purport to terminate your Employment in breach of this Agreement, we may, in our absolute discretion, for all or any part of your notice period:

(a) provide you with no work and/or revoke any powers you hold on our behalf or that of any Group Company;

(b) require you to carry out alternative duties and/or to only perform such specific duties as are expressly assigned to you, at such location (including your home) as we may decide;

(c) exclude you from any of our or any Group Company's premises;

(d) require you:

(i) not to contact (other than purely social contact) or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of ours or any Group Company save as agreed in writing by the CEO or the Board; and

(ii) to disclose to the CEO or the Board any attempted contact (other than purely social contact) with any person with whom you have been required not to have any contact pursuant to this clause.

18.2 Any action taken under clause 18.1 will not be a breach of this Agreement and you will not have any claim against the Company and/or any Group Company in respect of such action.

18.3 For the avoidance of doubt, during any period of Garden Leave:

(a) you will continue to be entitled to your basic salary and contractual benefits in the usual way (subject to the terms of this Agreement and the terms of any benefit scheme);

(b) you will remain our employee and be bound by the terms and conditions of this Agreement (including any implied duties of good faith and fidelity);

(c) save as agreed in writing by the Board, you will not work for any other person or on your own account;

(d) any accrued but unused holiday entitlement shall be deemed to be taken during any period of Garden Leave unless we notify you in writing otherwise; and

(e) except for any periods of holiday taken under this Agreement, you will remain readily contactable and available to work for us and/or any Group Company.

19. **Payment in lieu of notice**

19.1 We may in our sole and absolute discretion, terminate your Employment at any time with immediate by notifying you that we will make a payment in lieu of notice in accordance with the provisions of this clause 19 equal to your basic salary (as at the termination date) which you would have been entitled to receive under this agreement during the notice period referred to at clause 20 below (or if notice has already been given, during the remainder of the notice period) less income tax and national insurance contributions (**"Payment in Lieu"**).

19.2 For the avoidance of doubt, any Payment in Lieu shall not include any payment in respect of:

(a) any bonus or commission payments that might otherwise have been paid to you during the period for which the Payment in Lieu is made;

(b) benefits which you would have been entitled to receive during the period for which the Payment in Lieu is made; or

(c) any holiday entitlement that would have accrued to you during the period for which the Payment in Lieu is made.

19.3 We may pay any Payment in Lieu in equal monthly instalments until the date on which your notice period would have expired if notice had been given. You undertake to seek and take up, as soon as reasonably practicable, any opportunity to earn alternative income during this period and to notify us of any income you receive or are entitled to receive. Any outstanding instalments will then be reduced (including to zero) by the amount of such income. You agree that no further payments will become payable to you under this clause 19 with effect from the first day of taking up that opportunity.

19.4 You shall have no right to receive a Payment in Lieu unless we have exercised our discretion in clause 19.1. Nothing in this clause 19 shall prevent us from terminating your Employment summarily in accordance with clause 20 below.

19.5 If having elected to make a Payment in Lieu but either before or after the payment (or any instalment of it) is made, it comes to our attention that we may have been entitled to terminate your employment summarily for a reason within clause 20 or otherwise, you will have no entitlement to any Payment in Lieu (or any outstanding instalment of it) and we reserve the right to demand the immediate repayment of any sum which has already been paid.

20. **Termination**

20.1 Subject to clause 20.2, your Employment may be terminated by us by giving you not less than 12 months' prior notice in writing. You may terminate your Employment by giving us not less than 1 month's prior notice in writing.

20.2 We may terminate your Employment at any time, without notice and with no liability to make any further payment to you (other than amounts which have accrued due to the date of termination) in all appropriate circumstances, included but not limited to where you:

(a) are guilty of a material breach of the requirements, rules or regulations as amended from time to time of any regulatory authorities relevant to us or any Group Company or any code of practice, policy or procedures manual issued by us (as amended from time to time) relating to dealing in the securities of the Company or any Group Company;

(b) commit any act of gross misconduct;

(c) commit any serious or repeated breach or non-observance of any of the provisions of this Agreement or refuse or neglect to comply with any reasonable and lawful directions given by the Board;

(d) are, in the reasonable opinion of the CEO and Board, negligent and incompetent in the performance of your duties;

(e) your conduct (whether or not it occurs during or in the context of your Employment) is such that it may in the reasonable opinion of the Board bring the Company and/or any Group Company into disrepute and/or is calculated or likely prejudicially to affect the interests of the Company and/or any Group Company;

(f) you commit any act of fraud or dishonesty or corrupt practice or a breach of the Bribery Act 2010 relating to the Company and/or any Group Company, any of its or their employees, customers or otherwise;

(g) you are guilty of a serious breach of rules issued by us from time to time regarding our electronic communications systems;

(h) you cease to be eligible to work in the United Kingdom;

(i) you are convicted of any criminal offence (other than an offence under the road traffic legislation in the United Kingdom or abroad for which a fine or non-custodial penalty is imposed);

(j) you are convicted of any offence under any regulation or legislation relating to insider dealing; and/or

(k) a bankruptcy petition is presented against you or you are declared bankrupt or an interim order is made in respect of you pursuant to section 252 Insolvency Act 1986 or you make any arrangement or composition with or for the benefit of your creditors or have a county court administration order made against you under the County Court Act 1984.

20.3 Our rights under clause 20 are without prejudice to any other rights that we may have at law to terminate your Employment or accept any breach of this Agreement by you as having brought the Agreement to an end. Any delay by us in exercising our rights under clause 20 shall not constitute a waiver of such rights.

21. **Obligations on Termination**

21.1 On the termination of your Employment (however arising) or if earlier, at the start of a period of Garden Leave you will on request:

(a) immediately resign without compensation from any directorships in the Company or any Group Company or from any position which you hold as a trustee in relation to the business of the Company or any Group Company;

(b) subject to clause 21.2 below, immediately deliver to us all documents, materials, records, correspondence, papers and information (on whatever media and wherever located) relating to our or any Group Company's business or affairs or our or its business contacts and any other property of ours or any Group Company which in your possession or under your control;

(c) irretrievably delete any information (including Confidential Information) relating to our or any Group Company's business stored on any magnetic or optical disk or memory and all matter derived from such sources which is in your possession or under your control outside our premises;

(d) inform us of all passwords, passcodes, PIN numbers and any other similar information used by you in relation to any information technology systems and/or any other secured property of the Company and/or any Group Company;

(e) provide a signed statement that you have complied fully with your obligations under this clause 21.1 together with such reasonable evidence of compliance as we may request.

21.2 Where you are on Garden Leave you will not be required to return any property provided to you as a contractual benefit for use during your Employment until the end of that Garden Leave period.

21.3 You agree to update any social media profile you may have so as not to misrepresent that you are employed by or in any way associated with the Company and/or any Group Company. You will ensure that any amendment to your social media profile does not put you in breach of the restrictions set out in Schedule 2 of this Agreement including, without limitation, your restrictions on soliciting Clients or Prospective Clients as defined in that Schedule.

22. **Restrictions following termination**

22.1 Without prejudice to the other terms of this Agreement, you agree that following the termination of your Employment for any reason whatsoever, you will be bound by and you will comply with the terms and conditions set out in Schedule 2 to this Agreement.

23. **Disciplinary and grievance procedures**

23.1 You are subject to our disciplinary and grievance procedures, and such other procedures of this nature as are adopted by us from time to time. These procedures do not form part of your contract of employment and their application is at our discretion.

23.2 If you are dissatisfied with any disciplinary decision to dismiss you, you should refer such dissatisfaction in writing to the Board.

23.3 If you want to raise a grievance (other than one relating to a disciplinary decision or decision to dismiss you), you may apply in writing to the Board.

Suspension

23.4 We may suspend you from any and all of your duties for no longer than is necessary to investigate any disciplinary matter involving you or for so long as is otherwise reasonable while any disciplinary or capability procedure against you is outstanding.

23.5 During any period of suspension:

(a) you will remain our employee and bound by the terms of this Agreement;

(b) you will continue to receive your basic salary and all contractual benefits in the usual way (subject to the terms of this Agreement and the terms of any benefit scheme);

(c) you will ensure that the Board knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

(d) we may exclude you from your place of work or any of our or any Group Company's other premises; and

(e) we may require you not to contact or deal with (or attempt to contact or deal with) any officer, employee consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of ours of any Group Company.

24. **Data Protection**

Your Personal Data

24.1 You will keep us informed of any changes to your Personal Data, including name, address and bank details.

24.2 We are subject to legal obligations regarding your Personal Data. The staff privacy notice in force from time to time (**Staff Privacy Notice**) sets out further details on how we will collect and process your Personal Data (but does not form part of your terms and conditions of employment). We will also rely upon lawful grounds for processing your Personal Data as set out in the Staff Privacy Notice.

24.3 Our systems enable us to monitor telephone, email, voicemail, internet and other communications. In order to carry out its legal obligations as an employer (such as ensuring your compliance with our IT related policies) and for other business reasons, we may monitor use of systems including the telephone and computer systems, and any personal use of them, by automated software or otherwise. Monitoring of our systems includes the ability to review the content of individual messages, emails or voicemails. Monitoring is only carried out to the extent permitted or as required by law and as necessary and justifiable for business purposes. You should refer to the Staff Privacy Notice and any other relevant policies in place from time to time for further details

Your Responsibilities when Handling Personal Data

24.4 You confirm that you shall, at all times, comply with all obligations imposed upon you under our policies and the Staff Privacy Notice in each case from time to time in force.

24.5 If you discover a data breach, you must notify the Board urgently providing details on the circumstances of the breach. A data breach occurs where there is destruction, loss, alteration or unauthorised disclosure or access to personal data which is being held, stored, transmitted or processed in any way. For example, there is a data breach if our servers are hacked or if a laptop/USB stick is lost or an email is sent to the wrong person by mistake.

24.6 Failure to comply with your obligations under this clause 24 will in most circumstances be considered to be a serious disciplinary offence which may lead to disciplinary action against you (up to and including summary dismissal).

25. **Warranty**

You represent and warrant to us that by entering into this Agreement or performing any of your obligations under it, you will not be in breach of any court order or arrangement, any express or implied terms of any contract and/or any other obligation, restriction or undertaking and you undertake to indemnify us and/or any Group Company against any claims, costs, damages, liabilities and/or expenses which we and/or any Group Company may incur as a result of any such breach.

26. **Deductions**

We may deduct from your salary, or any other payments due to you, any money which you may owe to us or any Group Company at any time.

Restructurings

26.1 You consent to the transfer of your employment under this Agreement to any Associated Employer at any time during your Employment.

26.2 If your Employment is terminated by reason of any reconstruction or amalgamation, of us and/or any Group Company, whether by winding up or otherwise, and you are offered employment with any concern or undertaking involved in or resulting from such reconstruction or amalgamation on terms which (considered in their entirety) are no less favourable to any material extent than the terms of this Agreement, you will have no claim against us, any Group Company and/or any such undertaking arising out of or in connection with your termination.

27. **Power of Attorney**

You irrevocably appoint us (or a person nominated by us) to be your attorney in your name and on your behalf to execute documents, use your name and do all things which are necessary or desirable for us to obtain for ourselves or our nominee the full benefit of clauses 17 and 21.

28. **Changes to your terms of employment**

We reserve the right to make reasonable changes to your terms of employment. You will be notified in writing of any changes as soon as possible and in any event within one month of the change.

29. **Collective Agreements**

There is no collective agreement which directly affects your Employment.

30. **Entire Agreement**

30.1 This Agreement and any document referred to in it sets out the entire agreement and understanding between the parties and supersedes and extinguishes all prior agreements, promises, assurances, warranties, representations, understandings and/or arrangements between them, whether written or oral, relating to its subject matter.

30.2 Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Agreement. Nothing in this clause shall limit or exclude any liability for fraud.

31. **Variation**

No purported variation of this Agreement shall be effective unless it is in writing and signed by the parties (or their authorised representatives).

32. **Counterparts**

32.1 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one Agreement.

32.2 No counterpart will be effective until each party has executed and delivered at least one counterpart.

33. **Third Party rights**

No one other than you and the Company shall have any right to enforce any terms of this Agreement.

34. **Notices**

34.1 Any notice to a party under this Agreement will be in writing signed by or on behalf of the party giving it and shall, unless delivered to a party personally, be hand delivered, or sent by email or by prepaid first class post to, in your case, your last known residential address or, in the case of the Company, its registered office.

34.2 A notice shall be deemed to have been served:

(a) at the time of delivery if delivered personally to a party or to the specified address;

(b) on the second working day after posting by first class prepaid post; or

(c) 2 hours after transmission if served by email on a business day prior to 3pm or in any other case at 10 am on the business day after the date of transmission.

35. **Governing law and jurisdiction**

35.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

35.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

Schedule 1

Definitions and interpretation

1. **Definitions**

1.1 In the Agreement to which this Schedule is attached, unless the context otherwise requires:

"Associated Employer" has the meaning given to it in the Employment Rights Act 1996.

"Board" means the board of directors of the Company from time to time and includes any committee of the Board duly appointed by it.

"Confidential Information" means any trade secrets or other information which is confidential, commercially sensitive and is not in the public domain relating to or belong to the Company and/or any Group Company including but not limited to:

(a) Information relating to the business methods, corporate plans, management systems, finances, new business opportunities, research and development projects, marketing or sales of any past, present or future product or service;

(b) Secret formulae, processes, inventions, designs, know-how, discoveries, technical specifications and other technical information relating to the creation, production or supply of any past, present or future product or service of the Company and/or any Group Company;

(c) Lists or details of customers, potential customers or suppliers or the arrangements made with any customer or supplier; and

(d) Any information in respect of which the Company and/or any Group Company owes an obligation of confidentiality to any third party.

"Employment" means your period of employment under this Agreement and is deemed to include any period of garden leave served under clause 18.

"Group Company" means the Company and any holding company or any parent company or any subsidiary or subsidiary undertaking of the Company or such companies, as such terms are defined in s1159, s1162 (together with Schedule 7 and the definition of 'parent company' in s1173), s1161 and Schedule 6 of the Companies Act.

"HMRC" means Her Majesty's Revenue and Customers.

"Incapacity" means any sickness, injury or other medical disorder or condition which prevents you from carrying out your duties.

"Intellectual Property Rights" means any patents, rights to Inventions, copyright and related rights, trade marks, service marks, trade names and business names, rights in get-up, goodwill, rights to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights in domain names and URLs, rights to preserve the confidentiality of information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply for and be granted), renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world.

"Invention" means any know how, technique, process, improvement, invention or discovery (whether patentable or not) which you (whether alone or with any other person) make, conceive, create, develop, write, devise or acquire at any time during your employment and which relates or could relate directly or indirectly to the Company's or any Group Company's businesses.

"Personal Data" means information relating to an individual (or from which an individual may be identified).

"Termination Date" means the date on which the Employment terminates howsoever caused.

"WTR" means the Working Time Regulations 1998 (SI 1998/1833).

"Works" means all works including without limitation all copyright works or designs originated, conceived, developed or written by you alone or with others during your employment which relate to or could relate to the Company's or any Group Company's businesses.

2. **Interpretation**

2.1 In the Agreement, unless the context otherwise requires:

(a) words in the singular include the plural and vice versa and words in one gender include any other gender;

(b) a reference to a statute or statutory provision includes:

(i) any subordinate legislation (as defined in s21(1) Interpretation Act 1978) mad under it; and

(ii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it.

(c) a reference to:

(i) a **"person"** includes any individual, firm, body corporate, business, venture, association, partnership or government department (whether or not having a separate legal personality, and whether or not acting for profit);

(ii) clauses and schedules are to clauses and schedules of this Agreement and references to sub-clauses and paragraphs are references to sub-clauses and paragraphs of the clause or schedule in which they appear; and

(iii) 'indemnify' and 'indemnifying' any person against any circumstances include indemnifying and keeping them harmless from all actions, claims and proceedings from time to time made against them and all loss or damage and all payments (including fines, penalties and interest, costs or expenses) made or incurred by that person as a consequence of or which would not have arisen but for that circumstance;

(d) Except where otherwise stated, words and phrases defined in the City Code on Take-overs and Mergers or in the Companies Act 2006 have the same meaning in this Agreement.

Schedule 2

(Post termination restrictions)

1. **Definitions and interpretation**

1.1 In this Schedule 2, the definitions and rules of interpretation in Schedule 1 apply.

1.2 In addition, the following definitions below apply:

"Business" means the business of the Company and/or any Group Company, or any part of such a business, in respect of which you had been materially concerned at any time during the Protected Period.

"Capacity" means you directly or indirectly, acting alone or jointly, with or on behalf of any other person, holding any position (whether employed or engaged) or otherwise providing any services (including but not limited to you being a director, officer, employee, worker, consultant, contractor, adviser, partner, principal, agent or volunteer) and whether for your own benefit or that of any other person.

"Client" means any person who was a client of the Company and/or any Group Company at any time during the Protected Period and with whom you had material personal dealings at any time during the Protected Period.

"Garden Leave Period" means the time during any period of notice in which the Company placed you on garden leave pursuant to clause 18 of the Agreement; and

(a) required you to no longer carry out any material duties on behalf of the Company and/or any Group Company; and/or

(b) aside from purely social contact, prohibited you from contacting:

(i) Clients for the purposes of paragraph 3.1(a);

(ii) Prospective Clients for the purposes of paragraph 4;

(iii) Key Employees for the purposes of paragraph 5.1(a); and

(iv) Suppliers for the purposes of paragraph 7.

"Interest" means:

(a) the direct or indirect provision of any financial assistance and/or

(b) the direct or indirect control or ownership (whether jointly or alone) of any shares (or any voting rights attached to them) or debentures),

save for the ownership, for passive investment purposes only, of not more than 5% of the issued ordinary shares of any person.

"Key Employee" means any person who at any time during Protected Period was employed or engaged by the Company and/or Group Company and with whom you had material dealings at any time during the Protected Period and:

(a) who reported to you at any time during the Protected Period;

(b) who acquired influence over any Clients and/or Prospective Clients and/or Suppliers during the Protected Period by reason of having been employed or engaged by the Company and/or any Group Company;

(c) who held a senior managerial, sales, marketing, technical or supervisory role at any time during the Protected Period; and/or

(d) who could otherwise materially damage the Company and/or Group Companies' interests if they were involved in any Capacity in any person that competes or is proposing to compete with the Business.

"Prospective Clients" means any person who at any time during the Protected Period was engaged in negotiations with the Company and/or any Group Company with a view to obtaining goods or services from the Company and/or any Group Company and with whom you had material personal dealings at any time during the Protected Period.

"Protected Period" means the 12 month period immediately preceding the earlier of the Termination Date and the commencement of any Garden Leave Period

"Restricted Area" means the territories in which the Business operated at any time during the Protected Period.

"Suppliers" means any person who supplied goods or services to the Company and/or any Group Company on terms other than those generally available to another purchaser in the market at any time during the Protected Period, whether by reason of exclusivity (whether de facto or contractually obliged) price or otherwise, and with whom you had material personal dealings at any time during the Protected Period.

2. **Non-Compete**

2.1 During the period of 6 months following the Termination Date less any Garden Leave Period, you shall not be employed or engaged in any Capacity by any person to the extent that your activities for or on behalf of such person shall be:

(a) in competition with the Business within the Restricted Area; and/or

(b) preparing to compete with the Business within the Restricted Area.

2.2 During the period of 6 months following the Termination Date less any Garden Leave Period, you shall not hold any Interest in any person which is:

(a) in competition with the Business within the Restricted Area; and/or

(b) preparing to compete with the Business within the Restricted Area.

3. **Clients**

3.1 During the period of 9 months following the Termination Date less any Garden Leave Period, you shall not, in any Capacity, in competition with the Business within the Restricted Area:

(a) solicit, canvass, induce or entice away (or endeavour, procure, assist or facilitate the solicitation, canvassing, inducement or enticement away) from the Company and/or any Group Company, the custom or business of any Client; and/or

(b) solicit, canvass, induce or entice (or endeavour, procure, assist or facilitate the solicitation, canvassing, inducement or enticement of) a Client to reduce or vary the terms upon which it deals with the Company and/or any Group Company or otherwise cause the value of the Company and/or any Group Company's arrangement with the Client to be diminished; and/or

(c) deal with or supply any Client.

4. **Prospective Clients**

4.1 During the period of 9 months following the Termination Date less any Garden Leave Period, you shall not, in any Capacity, in competition with the Business within the Restricted Area:

(a) solicit, canvass, induce or entice away (or endeavour, procure, assist or facilitate the solicitation, canvassing, inducement or enticement away) from the Company and/or any Group Company, the prospective custom or business of any Prospective Client; and/or

(b) solicit, canvass, induce or entice (or endeavour, procure, assist or facilitate the solicitation, canvassing, inducement or enticement of) a Prospective Client to reduce or vary the prospective terms upon which it may deal with the Company and/or any Group Company or otherwise cause the prospective value of the Company and/or any Group Company's prospective arrangement with the Prospective Client to be diminished; and/or

(c) deal with or supply any Prospective Client.

5. **Key Employees**

5.1 During the period of 9 months following the Termination Date less any Garden Leave Period, you shall not, in any Capacity:

(a) solicit, canvass, induce or entice (or endeavour, procure, assist or facilitate the solicitation, canvassing, inducement or enticement of) any Key Employee to terminate their employment or engagement with the Company and/or any Group Company, whether or not that person would breach any obligations owed to the Company or any relevant Group Company by so doing; and/or

(b) solicit, canvass, induce or entice (or endeavour, procure, assist or facilitate the solicitation, canvassing, inducement or enticement of) any Key Employee to renegotiate their terms of employment or engagement with the Company and/or any Group Company; and/or

(c) offer (or endeavour, procure, assist or facilitate the offering of) any employment and/or engagement to any Key Employee.

6. **Team Moves**

6.1 If, at any time during the two year period prior to the Termination Date, two or more Key Employees leave the employment of the Company and/or any Group Company and take up employment or engagement with the same person, where such person is also:

(a) in competition with the Business within the Restricted Area; and/or

(b) preparing to compete with the Business within the Restricted Area,

you shall not, at any time during the 12 months following the last date on which such Key Employee was employed and/or engaged by the Company and/or any Group Company, be employed or engaged in any way with that person to the extent any of your activities for such person will likely be in competition with, or preparing to compete, with the Business within the Restricted Area.

7. **Suppliers**

7.1 During the period of 9 months following the Termination Date less any Garden Leave Period, you shall not, in any Capacity, in competition with the Business within the Restricted Area:

(a) solicit, canvass, induce or entice away (or endeavour, procure, assist or facilitate the solicitation, canvassing, inducement or enticement away) from the Company and/or Group Company, the supply of any goods or services from any Supplier; and/or

(b) solicit, canvass, induce or entice (or endeavour, procure, assist or facilitate the solicitation, canvassing, inducement or enticement of) the Supplier to reduce or alter the terms or quantity of supply to the Company and/or any Group Company or otherwise cause the value of the Company and/or any Group Company arrangement with the Supplier to be diminished; and/or

(c) deal with or accept the supply of any goods or services from any Supplier, where such supply is likely to be the detriment of the Company and/or any Group Company.

8. **Disclosure**

8.1 You undertake that if you are offered and/or agree to take up a position in any Capacity by any person during your employment with the Company and/or before the expiry of the last of the covenants in this Schedule, you will immediately:

(a) disclose a copy of these restrictions to that person; and

(b) notify the Company of the offer of a position and identity of such person.

8.2 You undertake that if any person at any time seeks to induce you to breach the provisions in this Schedule, during your employment with the Company and/or before the expiry of the last of the covenants in this Schedule, you will immediately disclose full details of such information to the Company.

8.3 Following the termination of your employment, you shall not hold yourself out or permit any person to hold you out as being in any way still connected with or interested in the Company or any Group Company.

9. **General**

9.1 You agree that the restrictions contained in this Schedule shall also apply to your use of any social networking sites and/or professional networking sites, regardless of whether such accounts are held by you personally, held by you in the course of your employment and/or engagement with the Company and/or Group Company or otherwise held by you in any other Capacity for any other person.

9.2 You acknowledge and accept that you have had the opportunity to take independent professional advice. You warrant that you believe the covenants contained within this Schedule to be reasonable as between the parties and that you have no present intention of ever arguing that the restraints are unreasonable or otherwise unenforceable.

9.3 Notwithstanding the above, you agree that each of the restrictions in this Schedule are intended to be separate and severable. If any of the restrictions shall be held to be void but would be valid if part of their wording were deleted, such restriction shall apply with such deletion as may be necessary to make it valid or effective.

9.4 You have given the undertakings in this Schedule to the Company as trustee for itself and each Group Company in respect of whom you have been concerned in any Business. You agree that each such Group Company may enforce the benefit of each such undertaking. You shall, at the request and expense of the Company, enter into direct undertakings with any such Group Company which correspond to the undertakings in this Schedule.

9.5 You agree that if you have material business dealings in other foreign jurisdictions on behalf of any Group Company, you will enter into undertakings providing the same level of protection for each such Group Company with such modifications (if any) as are necessary to render such undertakings enforceable in those jurisdictions.

9.6 You agree that if the Company transfers all or any part of its business to any other person (**"Transferee"**), the restrictions contained in this Schedule shall, with effect from the date of you becoming an employee of the Transferee, apply to you as if:

(a) references to the Company include the Transferee, and references to any Group Companies were construed to include group companies of the Transferee;

(b) references to Clients, Prospective Clients, Key Employees and Suppliers of the Company include the Transferee, and references to any Group Companies were construed to include group companies of the Transferee,

and you will, if so required, enter into an agreement with the Transferee containing post termination restrictions corresponding to those restrictions in this Schedule.

Schedule 3

Home-working

1. **Equipment and Insurance**

1.1 We shall provide you for your sole business use with equipment for the purpose of carrying out your duties (**Company Property**).

1.2 For the avoidance of doubt, the Company Property will remain the property of the Company and you will not permit use of it by any person other than yourself and our authorised representatives.

1.3 You will be responsible for any damage to the Company Property which goes beyond ordinary wear and tear. You are required to report to us any such damage or malfunction of the Company Property as soon as you become aware of it.

1.4 You will not cause or permit any act or omission which will invalidate the insurance policy covering the Company Property.

1.5 You consent to representatives of the Company, at reasonable times and on reasonable notice, entering your Home Address to:

(a) install, inspect, replace, repair, maintain or service any Company Property and during your Employment;

(b) carry out health and safety risk assessments of the Company Property and your workstation during your Employment; and

(c) recover Company Property (including upon termination of your Employment).

2. **IT and Monitoring**

You agree to comply with any electronic communications systems or similar policy from time to time in force.

3. **Confidential Information and Data Protection**

3.1 You are responsible for ensuring the security of Confidential Information at your Home Address. In particular, you undertake to:

(a) lock your computer terminal whenever it is left unattended;

(b) ensure any wireless network used is secure;

(c) keep all papers in filing cabinets that are locked when not in use; and

(d) comply with applicable data protection legislation and the Company's data protection policies and Staff Privacy Notice which the Company may issue from time to time regarding the retention and processing of Personal Data.

4. **Health and Safety**

You agree to comply with all health and safety guidelines and instructions which we may give to you from time to time and to complete without delay all health and safety questionnaires that we may send to you from time to time.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Executed as a **Deed**)
by **Gordon Dunn**) /s/ Gordon Dunn
in the presence of:)

Signature of witness: /s/ Denise Carter

Name: Denise Carter

Address: [omitted]

Occupation: Chief Operating Officer,

Quoin Pharmaceuticals, Inc.

Executed as a **Deed**)
by **Quoin Pharmaceuticals, Inc.**)
acting by Michael Myers,) /s/ Michael Myers
a director in the presence of:)

Director

Signature of witness: /s/ Denise Carter

Name: Denise Carter

Address: [omitted]

Occupation: Chief Operating Officer,

Quoin Pharmaceuticals, Inc.

Queensland University of Technology

Research Agreement

THIS AGREEMENT is made

BETWEEN **QUEENSLAND UNIVERSITY OF TECHNOLOGY** (ABN 83 791 724 622) of 2 George Street, Brisbane, 4000, in the State of Queensland, Australia

("**QUT")**

AND **QUOIN PHARMACEUTICALS, Inc.**, a Delaware corporation, with an address of 42127 Pleasant Forest Ct, Ashburn, VA 20148 USA

("Quoin" or "Collaborator")

BACKGROUND

The parties wish to collaborate on, and provide their contributions to, the Project in accordance with the terms of this Agreement.

OPERATIVE PROVISIONS

1 DEFINITIONS and INTERPRETATION

1.1 In this Agreement, the following words have the following meanings:

Agreement means this document and any schedules or attachments to this document.

Background Material of a party means Materials created prior to, or independently of, this Agreement (including third party Material) which that party contributes or makes available for use in the Project, including the Material listed in Schedule 4.

Bluebox means qutbluebox Pty Ltd ABN 97 041 405 905 of Level 4, Block X, 88 Musk Avenue, Kelvin Grove, Qld 4059, being the subsidiary trustee company established by QUT to commercialise its Intellectual Property Rights.

Commencement Date means the date of complete execution of this Agreement by the Parties.

Commercialise means to exercise or deal with the Intellectual Property Rights in Material, in any way for a financial gain or benefit (whether or not such gain or benefit is ultimately obtained) including:

(a) to exercise Intellectual Property Rights in the Material to provide a service for which a financial gain or benefit is received;

(b) to exercise Intellectual Property Rights in the Material to create, or as part of, a product or process which is, or is to be, sold, hired, leased, distributed or made available to others for financial gain or benefit;

(c) to directly or indirectly grant to others rights to use Intellectual Property Rights in the Material for a financial gain or benefit,

but does not include the use of the Material in connection with delivering award courses or to undertake public benefit or other non-commercial research with or without funding from a third party and Commercialisation shall have a corresponding meaning.

Confidential Information of a party means:

(a) any information designated as that party's Confidential Information in Schedule 4;

(b) any new information generated as part of Project Material in which that party owns the Intellectual Property Rights; and

(c) any information developed independently of this Agreement (whether by the party or a third party), that the party makes available to the other party for the purposes of this Agreement including the conduct of the Project which that party designates as confidential or the receiving party ought reasonably know is confidential from the circumstances or nature of the information,

but does not include information which is:

(d) publicly available or subsequently becomes publicly available other than in breach of this Agreement;

(e) lawfully known to another party on a non-confidential basis before being disclosed by the other party; or

(f) lawfully acquired by another party on a non-confidential basis from a third party without breaching obligations of confidentiality.

Contributions means the cash and in-kind contributions to be made by a party as specified in Schedule 3.

Expiration Date means the conclusion of the Project as described in Schedule 2.

Force Majeure Event with respect to a party means an unforeseeable event beyond the control of an affected party which occurs without fault or negligence of the affected party (but shall not include non-performance of any Specified Personnel) including:

(a) acts of God;

(b) war, riot, insurrection, vandalism or sabotage;

(c) strike, lockout, ban, limitation of work or other industrial disturbance; and

(d) law, rule or regulation of any government or governmental agency and executive or administrative order or act of general or particular application.

Intellectual Property Rights or IPRs includes any and all intellectual and industrial property rights throughout the world however conferred by statute, common law or equity in any jurisdiction including rights in respect of or in connection with:

(a) copyright (including future copyright and rights in the nature of or analogous to copyright);

(b) plant varieties;

(c) inventions (including patents and any divisionals, continuations, continuation-in-parts, patent term extensions, and supplementary protection certificates thereto),

(d) confidential information, trade secrets and know-how;

(e) trade marks, service marks;

(f) designs, circuit layouts; and

any other results of intellectual activity in the industrial, commercial, scientific or literary or artistic fields, whether or not now existing and whether or not registered or registrable and includes any rights to apply for the registration of such rights and includes all renewals and extensions.

Key Terms means the key terms described in clause 9.4 which must be included in an agreement described in clause 9.1.

Material means any ideas, discoveries, inventions, information, data, compilations, records, designs, works, technology, software, methods, processes, formulas, names, logos or any other thing of any kind in which Intellectual Property Rights or other rights subsist.

Option means the exclusive option described in clause 9.1 of this Agreement.

Option Period shall be from the Commencement of this Agreement until the earlier of the following:

(a) Six (6) months after the conclusion of the Project under this Agreement;

(b) Execution of an agreement described in clause 9.1 of this Agreement;

(c) Termination of this Agreement under clause 16.2.

Project means the project described in Schedule 2.

Personal Information means information or an opinion, including information or an opinion forming part of a database, whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

Personnel of a party means the employees, contractors, students and any other person that is an agent of that party.

"**Post Doc**" means the post doctorial candidate hired by QUT and included as QUT's Specified Personnel in connection with the terms of this Agreement.

Project Material means all Material created in connection with the Project by a party's Personnel. For the avoidance of doubt Project Material does not include Background Material incorporated in the Project Material.

Specified Personnel are those Personnel of a party listed in Schedule 2.

Term is defined in clause 2.1.

1.2 In this Agreement:

(a) a right to 'use' Material includes any use that requires the exercise of Intellectual Property Rights in that Material;

(b) the singular includes the plural and vice versa;

(c) a reference to a gender includes the other genders;

(d) headings are for reference only and do not affect the meaning of any provision;

(e) other grammatical forms of each defined word or expression will have a corresponding meaning;

(f) a reference to this Agreement includes any schedules or annexures to this Agreement;

(g) a reference to a clause, paragraph, schedule or annexure is a reference to a clause or paragraph of or schedule or annexure to this Agreement;

(h) a reference to a document or agreement, including a reference to this Agreement, includes a reference to that document or agreement as novated, varied or replaced from time to time;

(i) a reference to "$", "$A", "dollar" or "A$" is a reference to Australian currency;

(j) a reference to a month is a reference to a calendar month;

(k) a reference to a person includes a reference to bodies corporate, partnerships, incorporated and unincorporated associations, firms, joint ventures, trusts, governments and governmental and semi-governmental bodies;

(l) a reference to any legislation, regulation or other statutory instrument includes a reference to any enactment, amendment, substitution or consolidation and any statutory instrument issued pursuant to such legislation, regulation or other statutory instrument;

(m) a reference to writing includes all physical and electronic methods of visibly representing or reproducing words, figures or symbols;

(n) no rule of construction applies to the disadvantage of the party that drafts this Agreement on the basis that the party suggested the relevant drafting;

(o) words such as "includes" and "including" do not impose any limitation on the construction of general language that is followed by specific examples.

1.3 In the event of any inconsistency between any of the provisions of this Agreement, they shall take precedence in the following order:

(a) the terms and conditions (with primary obligations taking precedence);

(b) the schedules; and

(c) any other document attached or incorporated by reference.

2 TERM

2.1 Except in relation to the Option and all terms relevant to it, this Agreement commences on the Commencement Date and ends on the Expiration Date unless terminated earlier in accordance with this Agreement (**Term**).

2.2 Prior to the expiry of the Agreement, the parties may extend the Term by written agreement. Any agreement to such extension is made in each party's absolute discretion and subject to internal approval.

3 CONDUCT OF PROJECTS

3.1 The parties agree to participate in the Project:

(a) as specified in Schedule 2 and this Agreement;

(b) diligently, competently and in accordance with the professional, scientific, ethical, business and financial principles and standards that would be reasonably expected to apply to such work; and

(c) in accordance with applicable laws.

(d) Notwithstanding the foregoing, it is acknowledged that all research is being performed by QUT through its Specified Personnel. QUT shall perform (and cause is Specified Personnel to perform) the Project consistent with subpart (b) above, by qualified personnel and in accordance with accepted scientific and ethical principles, standards and laboratory procedures and consistent with (i) effort and at a quality comparable to research performed at major public and private research universities (including within the United States and Australia) and (ii) applicable laws. QUT shall obtain (and require its Specified Personnel and approved sub-contractors to obtain) all required licenses, permits regulatory or ethics approval before carrying out activities under this Agreement.

3.2 The parties will not be liable to perform the Project until they have those approvals specified in Schedule 2 (if any) for the Project and upon such approvals being obtained any affected Project timeframes will be extended accordingly. The parties agree to cooperate and use all reasonable endeavours to obtain all necessary approvals in a timely manner.

3.3 With Quoin's prior approval, QUT may engage a subcontractor to perform work in relation to the Project, provided that such subcontract shall include terms no less onerous than provided in this Agreement. QUT also vouches that the subcontractor is fully qualified to perform such work. Without limiting the foregoing, QUT shall be solely responsible for its performance under this Agreement and for any work sub-contracted to any third party (it being agreed that, notwithstanding anything contained in this Agreement to the contrary, any breach by subcontractors or its Specified Personnel or their respective affiliates (including Bluebox) of this Agreement shall be deemed a breach by QUT of this Agreement). All work sub-contracted to third party shall only be on work-for-hire basis and such third parties shall have no right to any Project Material or IPRs used or developed in connection with work performed.

4 DAY TO DAY MANAGEMENT; REPORTS

4.1 The parties will keep each other informed of the progress of the Project in writing and by telephone and will, from time to time:

(a) discuss the progress of the Project;

(b) facilitate the review and approval of publications in respect of the Project;

(c) identify potential registrable or commercially valuable IPRs arising from the Project and promptly notify the parties in relation to any protectable or commercially valuable IPR; and

(d) discuss in good faith any issues that may arise during the course of this Agreement in relation to the Project.

(e) Without limiting the generality of above, QUT shall cause its Specified Personnel to issue a detailed written final report to Quoin summarizing the results of the Project, including Project Material, if any, within thirty (30) days after completing the Project. In addition to the above final report, within thirty (30) days after each milestone payment set forth on Schedule 3 is made, QUT shall cause its Specified Personnel to provide to Quoin interim written reports giving status of the Project, and the results and activities carried out prior to such milestone payment date. During the Term, QUT shall (and shall cause the QUT Specified Personnel and subcontractors) to (x) permit Quoin and its representatives to have at least one in person meeting with QUT and the Specified Personnel at QUT's facility on an annual basis,, and (y) make available the Specified Personnel and applicable employees of QUT as requested by Quoin.

4.2 Despite the discussions between the parties under this Agreement, no variations shall be made to the Agreement except in writing signed by the parties.

4.3 For the purpose of this clause, Bluebox may engage in discussions as the agent of QUT, subject to the terms and conditions set forth herein.

5 CONTRIBUTIONS

Cash Contributions

5.1 QUT will issue the Collaborator with GST compliant invoices for their respective cash Contributions in the amounts and at the times specified in Schedule 3.

5.2 The Collaborator must pay the amounts invoiced in accordance with clause 5.1 by the due date specified in the invoice (which will be no less than 45 days from the date of invoice).

5.3 QUT will use the cash Contributions for the Project in accordance with the Budget.

5.4 If the Parties agree that QUT shall use any cash Contributions to purchase equipment for the Project, then that equipment will be owned by QUT, unless the parties have expressly agreed otherwise in writing.

In-Kind Contributions

5.5 The parties will make their in-kind Contributions to the Project to the value and for the time contemplated in Schedule 3.

6 SPECIFIED PERSONNEL.

6.1 Each party acknowledges that any of its Personnel named as Specified Personnel in this Agreement, must be directed to work on the Project for the times specified in this Agreement and if at any time they are unable to do so, then that party must:

(a) immediately notify the other party of the unavailability; and

(b) promptly replace that Specified Personnel with personnel who have:

(1) the time commitment, qualifications and competency to carry out the Project; and

(2) similar expertise and ability to those of the Specified Personnel they are to replace; and

(c) notify the other party of the name and qualifications of the replacement personnel upon finding a replacement.

7 BACKGROUND MATERIAL

7.1 Nothing in this Agreement alters or transfers ownership in any Background Material, including any Intellectual Property Rights subsisting in Background Material.

7.2 Each party grants to each other party a non-exclusive, royalty-free licence to use its Background Material:

(a) during the Term - for the purpose of carrying out the Project in accordance with this Agreement; and

(b) during and after the Term - in conjunction with Project Material for purposes other than Commercialisation which are solely for research or academic purposes and only to the extent the Background Material is necessary for the other party to exercise the full benefit of the rights in the Project Material granted to it under this Agreement,

BUT subject to the confidentiality obligations herein and any restrictions or obligations made known to the other party prior to that Background Material being used in the Project.

7.3 For the avoidance of doubt, no rights are given to a party to sublicense any rights in Background Material to a third party.

8 PROJECT MATERIAL

8.1 All Intellectual Property Rights in Project Material made by QUT shall vest in QUT. All Intellectual Property Rights in Project Material made by Quoin shall vest in Quoin. All Intellectual Property Rights in Project Material made jointly by QUT and Quoin shall jointly vest in QUT and Quoin.

8.2 The parties each grant a non-exclusive, royalty-free licence in the Project Materials that they own to the other party for the performance of the Project and for internal - non-commercial research and teaching purposes.

8.3 No party may unlawfully use the Project Material in which another party owns enforceable Intellectual Property Rights except as expressly specified in this Agreement or in compliance with the written consent of that other party.

9 OPTION TO COMMERCIALISE

9.1 QUT grants the Collaborator an exclusive Option to enter into an agreement, which will be negotiated by the parties hereto in good faith, for the exclusive Commercialisation of the Project Materials in accordance with clause 9.3.

9.2 Subject to full payment of cash Contributions under this Agreement, the Collaborator may at any time during the Option Period exercise the Option by giving QUT written notice of the exercise of the Option.

9.3 The agreement described in clause 9.1 shall be subject to the following:

(a) On exercise of the Option in accordance with clause 9.2, the parties must commence negotiation of the terms of the agreement within thirty (30) business days of receiving the notice to exercise the Option;

(b) The terms of the agreement described in clause 9.1 must incorporate the Key Terms and be negotiated on an arms-length commercial basis;

(c) If the parties have failed to agree on the Key Terms of the agreement described in clause 9.1 within six (6) months of the exercise of the Option, then QUT may Commercialise the Project Materials as QUT sees fit;

(d) If the Project Materials are commercialised by someone other than the Collaborator under clause 9.3(c), the Collaborator will be entitled to a 10% royalty of all revenue received by QUT from the Commercialisation of the Project Materials up to a maximum amount equal to the total payments made by the Collaborator to QUT under this Agreement; and,

(e) The parties must act reasonably in negotiating the agreement described in clause 9.1.

9.4 The Key Terms which must be included in an agreement described in clause 9.1 are as follows:

(a) The scope of Intellectual Property Rights that will be the subject of agreement under the Option shall be the Project Materials owned or controlled by QUT and created in the course of the Project in a modified bikunin protein that has been modulated to inhibit the KLK5 and KLK7 proteases which may be relevant for a therapeutic for Netherton Syndrome and includes:

(1) Composition of matter of the modified protein, pharmaceutical compositions containing it, methods of using them, and processes for making them;

(2) Data relating to activity of the modified protein;

(3) Know how in relation to the preparation and use of the modified protein;

(4) Rights to apply for and register patents in relation to the modified protein, pharmaceutical compositions containing it, methods of using them, and processes for making them worldwide, including in Australia and in all other countries.

(b) The agreement may include either an assignment or exclusive license of the Intellectual Property Rights which are the subject of the agreement;

(c) There must be a royalty rate in the range of 3% to 5%.

(d) There may be milestone payments which shall, at a minimum, relate to the costs of any intellectual property protection or other steps taken by QUT in relation to the Intellectual Property Rights the subject of the agreement;

(e) The field of commercialisation shall be use as a therapeutic for any indication.

(f) The territory for the arrangement will be world-wide.

(g) The arrangement must be exclusive within the field of commercialisation and within the territory.

9.5 If either:

(a) the Collaborator does not exercise the Option within sixty (60) Business Days of the expiry of the Option Period; or,

(b) the parties do not execute an agreement as described in clause 9.1 within six (6) months of the exercise of the Option,

then the Option will automatically terminate and be exhausted and this clause shall no longer have force or effect.

9.6 The Collaborator acknowledges that QUT manages the protection and Commercialisation of QUT generated Intellectual Property Rights via Bluebox, and that negotiations in relation to the protection and Commercialisation of Project Material and Background Material may therefore be between the Collaborator and Bluebox.

10 INTELLECTUAL PROPERTY RIGHTS PROTECTION

10.1 During the Term, QUT (including by its agent, Bluebox) shall prosecute and maintain all current Intellectual Property Rights in the Project Materials solely made by QUT or jointly made by QUT and Quoin ("**Project Inventions**") and may make additional applications as it considers commercially and legally responsible.

10.2 During the Term, QUT (including by its agent, Bluebox) shall be responsible for the costs of all filling, maintenance and prosecution of Intellectual Property Rights in the Project Inventions. QUT (including by its agent, Bluebox) shall keep the Collaborator informed of the status of any patent applications made in relation to the Project Materials from time to time and on request.

10.3 In the event that QUT does not elect to file, maintain or prosecute Intellectual Property Rights in the Project Materials, the Collaborator will have the right, at its sole discretion and sole expense, to take action to file, maintain or prosecute Intellectual Property Rights in the Project Inventions. Any Intellectual Property Rights filed, maintained or prosecuted by the Collaborator under this sub-clause must be in the name of QUT if solely made by QUT, or in the name of QUT and Quoin if jointly made by QUT and Quoin, until an agreement under clause 9.1 of this Agreement is executed.

10.4 In the event the Collaborator exercises the Option and the parties enter into an agreement described in clause 9.1, the Collaborator shall be responsible for all future Intellectual Property Rights patent applications, maintenance and prosecution dealt with in that agreement. QUT (including by its agent, Bluebox) agree to provide the Collaborator with all reasonable assistance for the Collaborators filings, maintenance and prosecutions under this clause, subject to the Collaborator paying any out of pocket expenses incurred by QUT (or its agent, Bluebox) in providing such assistance.

11 CONFIDENTIALITY

11.1 Each party must:

(a) maintain the secrecy of, and prevent unauthorised access to, each other's Confidential Information;

(b) not use another's Confidential Information except:

(1) as required for the performance of, or to exercise its rights under or arising from, this Agreement; or

(2) as required to obtain professional advice in relation to any matter connected with this Agreement including advice on the patenting of Project Material;

(c) not disclose another's Confidential Information to any person other than to:

(1) its Personnel who need to know it in order to perform the Project, or in order to exercise the party’s rights in Material under this Agreement or the Option Agreement; and

(2) its professional advisors with a need to know it in order to provide professional advice in relation to any matter connected with this Agreement including advice on the patenting of Project Material; and

(d) ensure that its Personnel and advisors to whom the other’s Confidential Information is disclosed, are made aware of the obligations of confidentiality under this Agreement, and are legally obliged to ensure that the Confidential Information is only used, disclosed and dealt with in accordance with those obligations.

11.2 Each party may disclose another party’s Confidential Information if required by law but, unless prohibited by law or legal process, it must inform that other party first (with as much prior notice as possible) and use all reasonable endeavours to limit the terms of that disclosure as reasonably requested by that other party.

12 PRIVACY

12.1 Each party must, in dealing with any Personal Information for the purposes of the Project:

(a) comply with all laws applicable to that party (including, without limitation, privacy and data protection laws) which regulate the collection, storage, use and disclosure of Personal Information;

(b) promptly notify the other party of any complaint or investigation under, or relating to, any breach of those laws in relation to that information processed for purposes of the Project; and

(c) reasonably cooperate with the other party in resolving any such complaint or investigation.

12.2 If a Collaborator is considered a 'contracted service provider' of QUT under the *Information Privacy Act 2009* (Qld) in performing its obligations under this Agreement, it will comply with Parts 1 and 3 of that Act as if it were an agency under that Act.

13 PUBLICATIONS

13.1 The parties will ensure that all publications and presentations in respect of the Project comply with the authorship and publication requirements of the *Australian Code for the Responsible Conduct of Research*.

13.2 In addition to clause 13.1, each party ("**Publishing Party**") must before publishing or submitting for publication, or presenting, anything in relation to the Project that discloses another party's Confidential Information, or uses another party's Background Material ("**Publication"**), provide a copy of the proposed Publication to that other party ("**Reviewing Party")** for review and response in accordance with clause 13.3.

13.3 Within fourteen (14) days of the Publishing Party providing the Publication to the Reviewing Party for review, the Reviewing Party must notify the Publishing Party in writing that it:

(a) gives unconditional consent; or

(b) gives consent subject to certain amendments being made which are in the reasonable opinion of the Reviewing Party necessary to ensure its Confidential Information is not disclosed and its privacy obligations are met;

(c) require the Publication to be delayed for up to 6 months so as to not prejudice its ability to protect and Commercialise its Confidential Information or other Background Material, including to exercise rights under the Option Agreement.

13.4 If the Publishing Party does not receive a response in accordance with clause 13.3 within twenty eight (28) days of the Reviewing Party receiving the Publication for review, the Reviewing Party will be deemed to have given unconditional consent.

13.5 The Publishing Party may proceed with the Publication:

(a) upon unconditional consent being given by all Reviewing Parties; or

(b) if amendments are required under clause (b), upon all reasonable amendments being made; and

(c) if a period of delay is required under clause 13.3(c), upon the expiry of that period.

14 USE OF NAMES

14.1 Neither party may in connection with this Agreement, without the written consent of the other party, use the other party's name or logo, or any of the other party's Personnel's names to promote the party's business, services products or activities, or in a manner that could lead a person to reasonably believe that the other party endorses the party's business, services, products or activities.

15 WARRANTIES AND LIABILITY

15.1 To the extent permitted by law, all terms that may be otherwise implied by statute or otherwise, relating to the subject matter of this Agreement, are excluded.

15.2 The parties acknowledge that the research undertaken as part of the Project is highly speculative in nature and may not produce any outputs or discoveries that are fit for a particular purpose or have any Commercialisation potential.

15.3 Despite any other clause of this Agreement, the parties are not liable for any indirect, consequential or incidental damages or any loss of profits, loss of revenue, loss of goodwill, loss of data, damage to reputation and loss of opportunities under or in connection with this Agreement whether under the law of contract, tort (including negligence), equity or otherwise, unless they arise from a breach of confidentiality under this Agreement or an infringement of a party's rights in Project Material or Background Material.

15.4 Each party's liability under or in relation to this Agreement is reduced to the extent that any damages, liability, loss or costs arises from or is attributable to, any breach of contract by, or any unlawful or negligent act or omission of, the other party or the other party's Personnel.

15.5 If any applicable legislation prohibits the exclusion of liability by a party in the manner contemplated by this clause, then:

(a) the exclusion does not apply to that liability; and

(b) that party's liability is only limited or excluded in the manner permitted under that legislation (if any).

16 TERMINATION AND WITHDRAWAL

Termination by agreement

16.1 This Agreement may be terminated at any time by written agreement of the parties.

QUT Right to terminate the Agreement

16.2 QUT may upon by written notice to the Collaborator terminate this Agreement if the Collaborator:

(a) breaches any warranty, term or condition of this Agreement which is not capable or remedy;

(b) breaches a warranty, term or condition of this Agreement and fails to remedy the breach within thirty (30) days after receiving notice requiring it to do so, including with respect to any obligation to pay money or find replacement Specified Personnel; or

(c) has entered into any form of insolvency, liquidation or external administration, whether voluntary or involuntary, formal or otherwise.

Consequences of termination or expiry of Agreement

16.3 Upon expiry or termination of this Agreement each party will, subject to that party's statutory record keeping obligations, return (or in the case of intangible copies that cannot be physically returned, destroy) all Background Material and Project Material of another party in its possession or control which it no longer has a licence to use.

16.4 Upon expiration or termination of this Agreement QUT shall repay any Contributions which it has received from the Collaborator which have not been expended or allocated for expenditure prior to the date of termination.

16.5 If this Agreement is terminated under clause 16.2 then the Option will automatically end.

16.6 For the avoidance of doubt, expiration or termination of this Agreement:

(a) does not affect the operation of any other separate agreement entered by the parties unless it expressly specifies to the contrary in that separate agreement; and

(b) will be without prejudice to the rights, liabilities or obligations of any party accrued prior to the date of termination including any right to payment or compensation or to obtain damages for breach of this Agreement.

16.7 Clauses 7.2(b), 9, 10, 13, 15 and 16.3 to 16.7 continue to apply after the termination or expiry of this Agreement, except as expressly specified in this Agreement.

17 GST

17.1 If a supply under this Agreement is subject to GST and GST has not been accounted for in determining the consideration payable for the supply, the supplying party may recover from the receiving party an amount on account of GST. That amount is:

(a) equal to the value of the supply calculated in accordance with GST law multiplied by the prevailing GST rate; and

(b) payable at the same time as the recipient is required to pay for the related supply.

18 NOTICES

18.1 Any notice or other formal communication under this Agreement must be:

(a) in writing and signed by an authorised representative;

(b) marked to the attention of the person specified in Schedule 1;

(c) be delivered to the recipient by hand, pre-paid post, fax or email at the address or number shown in Schedule 1 (or as last notified in writing); and

(d) will be effective once received, and will be deemed to have been received, if

(1) if by pre-paid post, on the seventh day after posting;

(2) if electronically transmitted at the time of successful transmission

PROVIDED that where a notice is received after 5pm on a business day or on a non-business day of the recipient, it will be deemed to be received on the recipient's next business day.

19 DISPUTES

19.1 Any dispute relating to this Agreement (**Dispute**) must, prior to a party initiating litigation (other than for equitable or interlocutory relief), be dealt with as follows:

(a) the affected party will notify the other parties with details of the Dispute **(Dispute Notice**) and, within seven (7) days of receiving the Dispute Notice, the parties will negotiate and attempt to resolve the Dispute;

(b) if unresolved within thirty (30) days of the Dispute Notice, a nominated member of senior management from each party with authority to fully resolve the dispute (**Nominated Persons**) will negotiate and attempt to resolve the dispute;

(c) if unresolved within 30 days of the commencement of the negotiations between the Nominated Persons, any of the affected parties may avail themselves of any legal remedies available in law or equity.

19.2 Nothing in this clause prevents a party from applying to a court for urgent interlocutory relief.

20 GENERAL PROVISIONS

Relationship of parties

20.1 Each party enters into this Agreement as independent contractors. Nothing in this Agreement shall:

(a) in any way deem an employee of one party to be treated as an employee or the responsibility of another party; or

(b) create any relationship between the parties amounting to a partnership, agency, trust or joint venture.

Force Majeure

20.2 A party is not liable for any breach of its obligations under this Agreement (other than for any payment obligation) to the extent that the breach resulted from a Force Majeure Event provided that it:

(a) promptly notifies the other parties (with appropriate details); and

(b) takes all reasonable steps to work around or reduce the effects of the Force Majeure Event.

If a Force Majeure Event continues for more than sixty (60) days, the party which is not subject to the Force Majeure Event may terminate this Agreement.

Cooperation; No Conflicts; Compliance with Laws

20.3 Each party agrees to execute such agreements, deeds and documents and do or cause to be executed or done all such acts and things as may be reasonably necessary to give effect to this Agreement, including assisting to facilitate any application to register IPRs, confining any rights granted in relation to the IPRs, ensuring where reasonably possible that the Project can continue where a party is withdrawing from the Project and assisting with any GST requirements.

20.4 QUT agrees to provide all information to Quoin necessary to comply with any disclosure requirements mandated by any competent governmental authority (including, if applicable, the US Food and Drug Administration), including any information required to be disclosed in connection with any financial relationships.

20.5 QUT confirms that there is no conflict of interest between parties that would inhibit or affect QUT's performance under this Agreement. QUT will promptly inform Quoin if any conflict of interest arises during the performance of this Agreement.

20.6 QUT shall not employ, contract, with or retain any person directly or indirectly to perform services under this Agreement if such a person is debarred by a competent government authority (including, if applicable, the US Food and Drug Administration).

No Assignment

20.7 A party must not assign or transfer, any of its rights or obligations in this Agreement to any person without the consent of the other parties, which consent must not be unreasonably withheld or delayed.

Entire Agreement

20.8 This Agreement is the entire agreement between the parties in relation to the management and conduct of the Project. All previous negotiations, understandings, representations or warranties concerning the subject matter of this document are superseded by this document.

Variations

20.9 Any amendment or alterations to this Agreement must be agreed in writing and signed by the parties.

Severability

20.10 If any one or more of the provisions of this Agreement are deemed to be invalid, illegal or unenforceable, then:

(a) such provisions will be read down or severed and all remaining provisions of this Agreement will remain in full force and effect; and

(b) such provisions will not invalidate or render unenforceable the remaining provisions of this Agreement.

Governing Law and Jurisdiction

20.11 This Agreement shall be governed by and is to be construed in accordance with the laws applicable in Queensland.

20.12 The parties agree that the courts of Queensland shall have jurisdiction to hear any action in respect of, or arising out of this Agreement.

Legal Costs

20.13 Each party shall be responsible for its own legal and other costs incurred in relation to the preparation of this Agreement.

Execution

20.14 This Agreement may be executed by facsimile or electronic mail and/or in counterparts which will be taken together to constitute one document. The parties agree that execution of this Agreement will occur when each party holds a copy of the Agreement (which may be a facsimile or in electronic format) signed by both parties or signed in counterparts.

SIGNING PAGE

EXECUTED as an agreement on the latest of the dates set out below

Executed by **Queensland University of Technology**
by its duly authorised officer:

/s/ Michael McArdle
Signature of Authorised Representative

Michael McArdle
Name and Position of Authorised Representative (print)

11/1/2021
Date:

Executed by **Quoin Pharmaceuticals, Inc.** by its
duly authorised representative:

/s/ Michael Myers
Signature of Authorised Representative

Michael Myers
Name and Position of Authorised Representative (print)

10/30/21
Date:

2 Queensland University of Technology (QUT)

Contact for Notices:	Michael McArdle, Executive Director, Office of Research Services
Address for notices:	Queensland University of Technology,
By Courier	Office of Research Services Level 4, 88 Musk Avenue Kelvin Grove, Queensland 4059
By Post	Office of Research Services GPO Box 2434, Brisbane Q 4001
By Fax	07 3138 1304
By Email	

3 The Collaborator

Quoin Pharmaceuticals Ltd	Michael Myers
Contact for Notices:	CEO
Address for notices:	Quoin Pharmaceuticals 42127 Pleasant Forest Court
By Courier	Ashburn VA 20148
By Post	
By Email	mmyers@quoinpharma.com

SCHEDULE 2 PROJECT DETAILS

PROJECT TITLE

KLK5/7 Inhibitors to Treat Netherton Syndrome

PROJECT EXPIRATION DATE: 18 months from the appointment of the Post Doc.

PROJECT SUMMARY

This research collaboration project between Quoin Pharmaceuticals Ltd and QUT focuses on the rational design of bikunin-based inhibitors that suppress the activity of kallikrein-related peptidase 5 (KLK5) and kallikrein-related peptidase 7 (KLK7) which may be relevant for a therapeutic for Netherton Syndrome.

PROJECT ROLES AND RESPONSIBILITIES (with milestone dates/outputs)

Please refer to the Bikunin Development Plan attached at Schedule 5.

SPECIFIED PERSONNEL

Professor Jonathan M. Harris and a Post Doc (to be appointed subject to the approval of Quoin) will carry out the research in the research plan.

Schedule 3 CONTRIBUTIONS

CONTRIBUTIONS:

Costs summary including on costs (AUD, ex GST)

Post Doc worker for 1.5 years	$196,161	Will carry out experimental work exclusively in connection with the Project
Prof Jonathan Harris	$16,135	Will supervise project
Laboratory Consumables	$16,856	Ongoing
Netherton Mouse model	$102,495	Second year
TOTAL	**$331,647**	

CASH CONTRIBUTION INVOICE SCHEDULE:

Invoice Date	**Amount (ex GST)**
§ Execution of this Agreement	$33,000
§ Appointment Post Doc	$33,330
§ 6 months from Commencement Date	$66,330
§ 12 months from Commencement Date	$66,330
§ 18 months from Commencement Date	$66,330
§ Delivery of Final Report	$66,330
Total	**$331,650**

Financial Contact Details:

QUT Financial Contact

Name: ORS Project Management Unit

Telephone number: +61 7 3138 7400

Email: orspu@qut.edu.au

Quoin Financial Contact

Michael Myers
CEO
Quoin Pharmaceuticals
42127 Pleasant Forest Court
Ashburn VA 20148
mmyers@quoinpharma.com

LICENSE AND DISTRIBUTION AGREEMENT

This License and Distribution Agreement (this "**Agreement**"), dated as of November 5, 2021 ("**Effective Date**"), is by and between by and between Quoin Pharmaceuticals, Inc., a Delaware corporation located at 42127 Pleasant Forest Court, Ashburn, VA 20148 ("**Quoin**") and AFT Pharmaceuticals, a company incorporated under the laws of New Zealand located at Level 1, 129 Hurstmere Road, Takapuna, Auckland, 0622, New Zealand ("**Licensee**"). Quoin and Licensee are sometimes referred to herein individually as a "**Party**," and together as the "**Parties**."

Recitals

WHEREAS, Quoin owns certain Product Technology with respect to the Product (as defined herein).

WHEREAS, Quoin wishes to grant to Licensee, and Licensee desires to accept, an exclusive license under the Product Technology for Licensee to obtain the Regulatory Approvals and Exploit the Product in the Territory, in accordance with the terms and conditions set forth herein.

Intending To Be Legally Bound, in consideration of the foregoing and the mutual agreements contained herein and subject to the satisfaction of the terms and conditions set forth herein, the parties hereto agree as follows:

SECTION 1. Defined Terms

Capitalized terms used in this Agreement and not specifically defined shall have their respective meanings set forth on Exhibit 1 attached hereto, which Exhibit 1 is hereby incorporated into this Agreement and made a part hereof by reference.

SECTION 2. license and exclusivity

2.1 License to Licensee. Subject to the terms and conditions of this Agreement, Quoin hereby grants to Licensee an exclusive (even as to Quoin and its Affiliates) royalty-bearing license under the Product Technology to Exploit the Product in the Territory, which license shall not be sublicensable except to subdistributors and only with Quoin's prior written consent.

2.2 Retained Rights. Quoin retains all rights to the Product Technology that are not licensed to Licensee hereunder, including the exclusive right to Exploit the Product outside the Territory.

2.3 Non-Competition.

2.3.1. During the Term, Quoin shall not, in any capacity, whether directly, indirectly or through Affiliates, for its own account or for the benefit of any person or Entity, engage in the manufacture, promotion, sale or distribution of the Product for sale in the Territory unless authorized in writing by Licensee; provided, however, that nothing herein shall restrict Quoin from performing its obligations pursuant to this Agreement or the Supply Agreement or from Exploiting the Product outside the Territory.

2.3.2. During the Term and for a period of 24 months after expiration or termination of the Term for any reason, Licensee shall not, in any capacity, whether directly, indirectly or through Affiliates, for its own account or for the benefit of any person or Entity, engage in the development, manufacture, supply, promotion, sale or distribution of a Competing Product for sale in the Territory unless authorized in writing by Quoin. Notwithstanding the foregoing, in the event that an Additional Indication is competitive with a product of Licensee at the time regulatory approval is sought with respect to such Additional Indication, Quion shall have the option, at its sole discretion, to (i) waive the noncompetition covenants set forth in this Section 2.3.2 with respect to such Additional Indication, in which case the noncompetition covenants contained herein shall not apply to such Additional Indication, or (ii) terminate this Agreement in accordance with Section 11.2.2 hereof, in which case the noncompetition covenants contained herein shall not apply to such Additional Indication.

2.3.3. The Parties hereto agree that any breach by either Party of the covenants and agreements contained in this Section 2.3 may result in irreparable injury to the other Party for which money damages could not adequately compensate it and, therefore, in the event of any such breach, the non-breaching Party shall be entitled (in addition to any other rights and remedies which it or they may have at law or in equity) to seek an injunction from any competent court of equity to enjoin and restrain the breaching Party and any other person or entity involved therein from continuing such breach.

2.3.4. If any portion of the covenants and agreements contained herein, or the application thereof, is construed to be invalid or unenforceable, then the other portions of such covenant(s) or agreement(s) or the application thereof shall not be affected and shall be given full force and effect without regard to the invalid or unenforceable portions. If any covenant or agreement herein is held to be unenforceable because of the area covered, the duration thereof, or the scope thereof, then the court making such determination shall have the power to reduce the area and/or duration and/or limit the scope thereof, and the covenant or agreement shall then be enforceable in its reduced form.

SECTION 3. Regulatory Approval in the Territory

3.1 Licensee shall use Commercially Reasonable Efforts to obtain all required Regulatory Approvals for the Product for the Initial Indication as soon as reasonably possible following the Effective Date.

3.2 Licensee shall be responsible for all aspects of preparing, obtaining, and maintaining throughout the Term, at Licensee's cost and expense, the Regulatory Approvals in Licensee's name, including setting the overall regulatory strategy therefor and conducting communications with Governmental Authorities. Licensee shall determine what information or documentation may be required to complete any forms or applications necessary to file for the Regulatory Approvals for the Product. For the avoidance of doubt, Licensee shall be responsible for all commercially reasonable cost and expense associated with any further development which may be required in connection with securing the Regulatory Approvals, including any supplemental clinical trials. Subject to the foregoing, upon request from Licensee, Quoin will provide to Licensee reasonable assistance and information that is in the possession of Quoin as necessary for Licensee to obtain such Regulatory Approvals. Licensee will deliver to Quoin any data or information related to the Product generated for purposes of submission of the Regulatory Approvals, and a copy of the applications for Regulatory Approvals upon submission.

3.3 Licensee shall use Commercially Reasonable Efforts to file for the Regulatory Approvals for the Product for the Initial Indication in the Territory within six (6) months following the date of Quoin receiving regulatory approval for such Initial Indication in either the United States or European Union. In the event that Licensee determines that the Data Package is not sufficient to obtain the Regulatory Approvals, and the additional information and documentation required makes it unlikely that the Licensee will be able to file for the Regulatory Approvals within such six-month period, Licensee shall promptly notify Quoin and the Parties will discuss a reasonable timeline for Licensee to compile the necessary information and documentation and submit the filings for the Regulatory Approvals.

3.4 If Licensee does not file for the Regulatory Approvals (in a form reasonably likely to be approved) for the Initial Indication with applicable Governmental Authorities in the Territory within six (6) months following the date of Quoin receiving regulatory approval in either the United States or the European Union, or such later date as agreed upon by Quoin, Quoin may terminate this Agreement in accordance with Section 11.2.2 hereof. If the Regulatory Approvals for the Initial Indication have not been granted by the applicable Governmental Authorities in the Territory on or before such date which is 24 months after the date of filing such Regulatory Approvals or such later date as agreed upon by Quoin, Quoin may terminate this Agreement in accordance with Section 11.2.2 hereof.

3.5 In the event that Quoin obtains regulatory approval for any Additional Indication for the Product in the United States or the European Union, Licensee will use Commercially Reasonable Efforts to obtain, as promptly as practicable (but in any event within 6 months following such approval in the United State or the European Union), any Regulatory Approvals required to permit the Commercialization of the Product in the Territory for such Additional Indication. If the Regulatory Approvals for such Additional Indication have not been granted by the applicable Governmental Authorities in the Territory on or before such date which is 24 months after the date of filing such Regulatory Approvals or such later date as agreed upon by Quoin, Licensees rights to the Product for such Additional Indication may be terminated by Quoin in accordance with Section 11.2.2 hereof. Such termination will not apply to the Initial Indication or to any subsequent additional Indications, Licensee obtains approval for in the Territory.

SECTION 4. COMMERCIALIZATION

4.1 **Launch**. So long as the Launch Quantities are delivered in accordance with the terms of the Supply Agreement, Licensee shall provide Quoin with a Launch Plan for the Product in the Territory within 6 months following receipt of approval of the Regulatory Approvals for the Initial Indication from the Governmental Authorities in the Territory. In the event that Licensee does not provide such a Launch Plan for the Product within such time period, Quoin may terminate this Agreement in accordance with Section 11.2.2.

4.2 Commercialization. Licensee shall market, promote, sell, and otherwise commercialize the Product in the Territory during the Term. Licensee shall use Commercially Reasonable Efforts to maximize Net Sales in the Territory. Licensee shall not sell the Product bundled or in combination with any other product without Quoin's prior written consent.

4.3 Sales Efforts.

4.3.1. If, within three years following Launch of the Product in the Territory, Licensee fails to use Commercially Reasonable Efforts to maximize Net Sales in the Territory (including, without limitation, maintaining Regulatory Approvals, placement of the Product in any formulary, Product treatment with respect to reimbursements and distribution infrastructure), the Parties will meet promptly following notice thereof from Quoin to discuss and approve a plan for Licensee to increase its efforts to market, promote, sell, and otherwise commercialize the Product in the Territory. If the Parties are unable to reach a commercially reasonable agreement with respect to the aforementioned plan in form satisfactory to Quoin in its commercially reasonable discretion, the Licensee shall have nine (9) months to demonstrate Commercially Reasonable Efforts otherwise Quoin may terminate this Agreement upon written notice to Licensee.

4.4 Supply. The parties shall negotiate in good faith the terms of a supply agreement (which shall include applicable quality and pharmacovigilance provisions) pursuant to which Quoin will manufacture and supply, or have manufactured and supplied, to Licensee the Product for sale in the Territory during the Term (the "**Supply Agreement**"). Licensee and its affiliates shall purchase all of their requirements for the Product from Quoin. If the Parties have not entered into a Supply Agreement in form satisfactory to Quoin prior to regulatory approval in the Territory, Quoin may terminate this Agreement upon written notice to Licensee.

SECTION 5. FINANCIAL PROVISIONS

5.1 Royalty.

5.1.1. Royalty. Commencing on the Launch of the Product in the Territory, Licensee shall pay to Quoin twenty percent (20%) of Net Sales (the "**Royalty**"). For the avoidance of doubt, Quoin shall not be required to make any payments to Licensee to the extent Net Sales for any period is negative.

5.1.2. Payment of Royalty; Audits; Records. Within forty five (45) days after the expiration of each calendar quarter during the Term (including the first and last quarters during such period that may be of lesser duration), Licensee shall deliver to Quoin a statement for such quarter showing (i) the calculation of Net Sales for the Product sold by Licensee during such quarter, on an indication by indication basis, and (ii) the Royalty for the Product on such sales. Licensee shall pay any Royalty due to Quoin along with the delivery to Quoin of the statement showing such calculation. In order to verify quarterly reports, Quoin or its authorized representative shall be entitled, during normal business hours and upon reasonable prior written notice to Licensee, to have access to the books and records of Licensee directly related to the calculation of the Royalty. If the inspection reveals that the Royalty has been incorrectly calculated, then any underpayment shall be paid by Licensee and any overpayment shall be paid by Quoin within fifteen (15) calendar days of such determination. The costs of any such inspection shall be borne by Quoin except when the inspection reveals an underpayment to Quoin of five percent (5%) or more, in which case Licensee shall reimburse Quoin for the actual out-of-pocket costs of the inspection.

5.1.3. Manner and Place of Payment. All payments owed by Licensee under this Agreement shall be made in United States Dollars ($US) by wire transfer in immediately available funds to a bank and account in the United States designated in writing by Quoin.

5.1.4. Late Payments. If Quoin does not receive payment of any sum due to it on or before the due date therefor, simple interest shall thereafter accrue on the sum due to such Party from the due date until the date of payment at a per-annum rate of prime plus two (2) percentage points.

5.2 Taxes. The amounts paid by Licensee to Quoin hereunder shall be paid without any reduction or setoff and without reduction for any withholding taxes, unless such withholding taxes are required by law. Quoin shall be solely responsible for paying any and all of its own taxes.

5.3 Currency. All dollar amounts stated in this Agreement are stated in United States' currency, and all payments required under this Agreement shall be paid in United States' currency.

SECTION 6. INTELLECTUAL PROPERTY

6.1 Ownership. The Product Technology shall at all times be and remain the sole property of Quoin subject to the rights granted herein. All Inventions generated, developed, conceived or reduced to practice by Licensee or on the behalf of Licensee related to Di Palmitoyl HydroxyProline and the InvisiCare Technology are hereby assigned to Quoin. Licensee shall execute all documents necessary or reasonably requested to effect the assignment of the entire right, title and interest to such Inventions to Quoin.

6.2 Product Patents. Quoin shall have the sole right to enforce the Product Patents in the Territory, and shall retain any damages or other amounts collected in connection therewith. Licensee will not take any actions that would challenge Quoin's ownership in the Product Patents, or contest the validity of the Product Patents. Such actions would be considered a breach of the Agreement.

6.3 Product Trademarks. Quoin shall maintain the Product Trademark registration in the Territory throughout the Term. All Product sold by Licensee in the Territory shall bear the Product Trademark and Licensee will commercialize the Product in the Territory under the Product Trademark. Furthermore, Licensee shall only use the Product Trademark in connection with Product supplied by Quoin. The nature and quality of the Product advertised or sold by Licensee on which a Product Trademark appears shall conform to quality standards and the specifications specified by Quoin in the Data Package. Licensee agrees to cooperate with Quoin to enable Quoin to verify the nature and quality of the use of the Product Trademarks and that the use of the Product Trademarks is consistent with the agreed quality standards and specifications. Licensee agrees that in using the Product Trademark in its activities under this Agreement, it will not represent in any way that it has any right or title to the ownership of the Product Trademark or the registration therefor. Licensee shall not use the Product Trademark in any way that would diminish, tarnish, disparage, or damage the goodwill in and to the Product Trademark. When using the Product Trademark, Licensee shall comply with all Applicable Laws. Licensee will not take any actions that would challenge Quoin's ownership in the Product Trademark, or contest the validity of the Product Trademark. Such actions would be considered a breach of the Agreement. All goodwill accruing to the Product Trademark as a result of the use of the Product Trademark shall belong solely to Quoin. Licensee shall provide to Quoin prompt written notice of any actual or threatened infringement of the Product Trademark in the Territory and of any actual or threatened claim that the use of the Product Trademark in the Territory violates the rights of any Third Party, of which Licensee becomes aware. Quoin shall the sole right to such action as Quoin deems necessary against a Third Party based on any alleged, threatened or actual infringement, dilution, misappropriation or other violation of or unfair trade practices or any other like offense relating to, the Product Trademark by a Third Party in the Territory at its sole cost and expense and using counsel of its own choice. Quoin shall retain any damages or other amounts collected in connection therewith.

SECTION 7. REGULATORY

7.1 Throughout the Term, Licensee shall maintain at its sole cost and expense the Regulatory Approvals for the Product in full force and effect. Licensee will be responsible for interacting with the relevant Governmental Authorities regarding the Regulatory Approvals. Licensee will provide Quoin with copies of any material correspondence with any Governmental Authority regarding the Product or Regulatory Approvals in the Territory within three (3) business days of receipt of such correspondence. Licensee shall notify Quoin in advance of any meetings with or communications with any Governmental Authority related to the Product to the extent they may impact the Quoin's rights or obligations under this Agreement.

7.2 The Parties' obligations with respect to exchanging and reporting adverse events and other safety information relating to the Product will be set forth in a Pharmacovigilance Agreement, which will be executed by the Parties within 90 days following the Effective Date of this Agreement.

7.3 Licensee will comply with all Applicable Laws in the Exploitation of the Product in the Territory and the performance of its obligations under this Agreement. Licensee will maintain all Permits necessary to perform its obligations hereunder in compliance with all Applicable Laws.

SECTION 8. REPRESENTATIONS AND WARRANTIES

8.1 Quoin Representation and Warranties. Quoin represents and warrants to Licensee that:

8.1.1. it is duly organized and validly existing under the Applicable Law of the jurisdiction of its incorporation, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

8.1.2. it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the Person executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action;

8.1.3. this Agreement is legally binding upon it and enforceable in accordance with its terms and the execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any Applicable Law; and

8.1.4. it has not granted, and shall not grant during the Term, any right to any Third Party which would conflict with the rights granted to Licensee hereunder.

8.2 Licensee Representation and Warranties. Licensee represents and warrants to Quoin that:

8.2.1. it is duly organized and validly existing under the Applicable Law of the jurisdiction of its incorporation, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

8.2.2. it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the Person executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action;

8.2.3. this Agreement is legally binding upon it and enforceable in accordance with its terms and the execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any Applicable Law;

8.2.4. None of Licensee's employees, consultants or contractors: (a) is debarred under Section 306(a) or 306(b) of the Food Drug and Cosmetics Act or by the analogous applicable Laws of any Governmental Authority; (b) has, to Licensee's knowledge, been charged with, or convicted of, any felony or misdemeanor within the ambit of 42 U.S.C. §§ 1320a-7(a), 1320a-7(b)(l)-(3), or pursuant to any analogous applicable Laws, or is proposed for exclusion, or is the subject of exclusion or debarment proceedings by a Governmental Authority; or (c) is excluded, suspended or debarred from participation, or is otherwise ineligible to participate, in any U.S. or non-U.S. healthcare programs, or is excluded, suspended or debarred by any Governmental Authority from participation, or is otherwise ineligible to participate, in any procurement or nonprocurement programs. Without limiting the foregoing, Licensee hereby represents and warrants, and covenants, as the case may be, that as of the Effective Date and throughout the Term of the Agreement, neither it nor any of its officers, directors or Affiliates is or shall be prohibited by any law, rule or regulation or by any order, directive or policy from manufacturing or selling (as the case may be) pharmaceutical products within the Territory.

8.3 No Other Representations and Warranties. EXCEPT FOR THE REPRESENTATIONS OR WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN.

SECTION 9. CONFIDENTIALITY

9.1 At all times during the Term and for a period of ten (10) years following termination or expiration hereof in its entirety, each Party shall and shall cause its officers, directors, employees and agents and sublicensees to, keep confidential and not publish or otherwise disclose to a third party and not use, directly or indirectly, for any purpose, any Proprietary Information furnished or otherwise made known to it, directly or indirectly, by another Party, except to the extent such disclosure or use is expressly permitted by the terms of this Agreement.

9.2 Each Party (the "**Receiving Party**") may disclose Proprietary Information of either of the other Party (each, a "**Disclosing Party**") to the extent that such disclosure is:

9.2.1. made in response to a valid order of a court of competent jurisdiction or other supra-national, federal, national, regional, state, provincial and local governmental or regulatory body of competent jurisdiction or, if in the reasonable opinion of the Receiving Party's legal counsel, such disclosure is otherwise required by law, including by reason of filing with securities regulators; *provided, however*, that the Receiving Party shall first have given notice to the Disclosing Party and given the Disclosing Party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment requiring that the Proprietary Information and documents that are the subject of such order be held in confidence by such court or agency or, if disclosed, be used only for the purposes for which the order was issued; and *provided, further,* that the Proprietary Information disclosed in response to such court or governmental order shall be limited to that information which is legally required to be disclosed in response to such court or governmental order;

9.2.2. made by or on behalf of the Receiving Party to the Governmental Authorities as required in connection with any filing, application or request for approval of the Regulatory Approvals or other Permit related to the Exploitation of the Product; *provided, however*, that reasonable measures shall be taken to assure confidential treatment of such information to the extent practicable and consistent with Applicable Law; or

9.2.3. made by or on behalf of the Receiving Party to potential or actual investors, acquirers, licensees or sublicensees as may be necessary in connection with their evaluation of such potential or actual investment, acquisition, license or sublicense; *provided*, *however*, that such persons shall be subject to obligations of confidentiality and non-use with respect to such Proprietary Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this Section 9.2; *provided, further*, that if either Party seeks to disclose the terms of this Agreement to potential investors, acquirers, licensees or sublicensees, the Party seeking to disclose this Agreement must obtain the other Party's prior written consent before disclosing this Agreement (such consent not to be unreasonably withheld, delayed or conditioned).

9.3 No Party shall issue any general press release or make any public statement with respect to this Agreement without the consent of the other Party, except as may be required by Applicable Law or the rules of any applicable stock exchange.

SECTION 10. INDEMNIFICATION

10.1 Quoin's Indemnification. Quoin shall indemnify Licensee and its directors, officers, employees, and agents, and defend and save each of them harmless, from and against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and expenses) (collectively, "**Losses**") incurred in connection with any and all suits, investigations, claims or demands of Third Parties (collectively, "**Third Party Claims**") arising from, relating to, or occurring as a result of: (a) the breach by Quoin of this Agreement; (b) the gross negligence, or willful misconduct on the part of Quoin or its directors, officers, employees or agents in performing its or their obligations under this Agreement; or (c) any claim of infringement or inducement of infringement of the intellectual property rights of any Third Party resulting from the use of the Product Trademark in the Exploitation of the Product in the Territory; except, in each case ((a), (b) and (c)), for those Losses for which Licensee has an obligation to indemnify Quoin pursuant to Section 10.2 hereof, as to which Losses each Party shall indemnify the other to the extent of their respective liability.

10.2 Licensee's Indemnification. Licensee shall indemnify Quoin and its directors, officers, employees, and agents, and defend and save each of them harmless, from and against any and all Losses incurred in connection with any and all Third Party Claims arising from, relating to, or occurring as a result of: (a) the breach by Licensee of this Agreement; (b) the gross negligence, or willful misconduct on the part of Licensee or its directors, officers, employees or agents in performing its or their obligations under this Agreement; or (c) the Exploitation of the Product by Licensee in the Territory; except, in each case ((a), (b) and (c)), for those Losses for which Quoin has an obligation to indemnify Licensee pursuant to Section 10.1 hereof, as to which Losses each Party shall indemnify the other to the extent of their respective liability.

10.3 Indemnification Procedures. With respect to each event, occurrence or matter (an "**Indemnification Matter**") as to which Quoin or Licensee, as the case may be (the "**Indemnitee**") is entitled to indemnification from the other Party (the "**Indemnitor**") under this Section 10:

10.3.1. Within ten (10) days after the Indemnitee receives written documents underlying the Indemnification Matter or, if the Indemnification Matter does not involve a third party action, suit, claim or demand, promptly after the Indemnitee first has actual knowledge of the Indemnification Matter, the Indemnitee shall give notice to the Indemnitor of the nature of the Indemnification Matter and the amount demanded or claimed in connection therewith ("**Indemnification Notice**"), together with copies of any such written documents.

10.3.2. If a third party action, suit, claim or demand is involved, then, upon receipt of the Indemnification Notice, the Indemnitor shall, at its expense and through counsel of its choice, promptly assume and have sole control over the litigation, defense and settlement (the "**Defense**") of the Indemnification Matter, except that (i) the Indemnitee may, at its option and expense and through counsel of its choice, participate in (but not control) the Defense; (ii) the Indemnitor shall not consent to any Judgment, or agree to any settlement that does not unconditionally release the Indemnitee from liability, without the Indemnitee's prior written consent, which consent shall not be unreasonably withheld or delayed; and (iii) if the Indemnitor does not promptly assume control over the Defense or, after doing so, does not continue to prosecute the Defense in good faith, the Indemnitee may, at its option and through counsel of its choice, but at the Indemnitor's expense, assume control over the Defense. The Indemnitee may not consent to the settlement or entry of judgment in any such action, suit, claim or demand without the Indemnitor's prior written consent, which consent shall not be unreasonably withheld or delayed. The Indemnitee shall fully cooperate with all reasonable requests from the Indemnitor in the Defense as the Indemnitor may request and at its expense. In any event, the Indemnitor and the Indemnitee shall fully cooperate with each other in connection with the Defense including by furnishing all available documentary or other evidence as is reasonably requested by the other.

10.3.3. All amounts owed by the Indemnitor to the Indemnitee (if any) shall be paid in full within fifteen (15) business days after a final Judgment (without further right of appeal) determining the amount owed is rendered, or after a final settlement or agreement as to the amount owed is executed.

10.4 Disclaimer of Certain Losses. EXCEPT (i) IN THE EVENT OF THE FRAUD OF A PARTY OR OF A PARTY'S BREACH OF ITS OBLIGATIONS UNDER SECTION 9, (ii) TO THE EXTENT ANY SUCH DAMAGES ARE REQUIRED TO BE PAID TO A THIRD PARTY AS PART OF A CLAIM FOR WHICH A PARTY PROVIDES INDEMNIFICATION UNDER THIS SECTION 10, NEITHER PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE IN CONTRACT, TORT, NEGLIGENCE, BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL, CONSEQUENTIAL, REMOTE OR SPECULATIVE DAMAGES (INCLUDING LOST PROFITS), WHETHER OR NOT SUCH DAMAGES WERE PROBABLE AND/OR REASONABLY FORESEEABLE.

10.6 Insurance. Licensee shall have and maintain such types and amounts of insurance covering its Exploitation of the Product in the Territory as is (i) normal and customary in the pharmaceutical industry generally for parties similarly situated and (ii) otherwise required by applicable Law. Upon request by Quoin, Licensee shall provide to Quoin evidence of its insurance coverage.

SECTION 11. TERM AND TERMINATION

11.1 Term. This Agreement shall commence on the Effective Date and, unless earlier terminated in accordance with this Section 11, shall continue in effect for ten (10) years,[1] provided that such initial ten (10) year term may be extended for two (2) additional ten (10) year terms if, within six (6) months prior to the expiration of the then-current term, Licensee notifies Quoin in writing of its intent to renew this Agreement and the Supply Agreement

11.2 Early Termination.

11.2.1. The Parties can terminate this Agreement upon mutual written agreement of the Parties.

11.2.2. Quoin can terminate this Agreement pursuant to Section 2.3.2, Section 3.4, Section 3.5, Section 4.1, or 4.3 hereof upon written notice to Licensee.

11.2.3. Each Party shall have the right to terminate this Agreement upon written notice to the other Party if the other Party has materially breached this Agreement and, after receiving written notification from the terminating Party identifying such material breach in reasonable detail, the breaching Party fails to cure such material breach within ninety (90) calendar days from the date of such notice.

11.2.4. Each Party shall have the right to terminate this Agreement upon the filing or institution of any bankruptcy, reorganization, liquidation or receivership proceedings by another Party, or upon the failure by such other Party for more than ninety (90) days to discharge or obtain the dismissal of any such actions filed against it. Such termination shall be effective upon receipt of notice from the Party not involved in such event.

11.3 Effects of Expiration or Termination.

11.3.1. Upon expiration or termination of this Agreement, all rights granted by Quoin to Licensee shall revert to Quoin.

11.3.2. Expiration or termination of this Agreement for any reason shall not release either Party of any obligation or liability which, at the time of such expiration or termination, has already accrued to the other Party or which is attributable to a period prior to such expiration or termination.

11.3.3. Upon expiration or termination of this Agreement for any reason:

(a) Licensee shall, as soon as possible following such termination or expiration, take all actions required and execute all documents required (including any actions or documents requested by Quoin) to transfer the Regulatory Approvals for the Product in the Territory to Quoin or Quoin's designee free and clear of any liens or encumbrances at the earliest possible time following such termination or expiration. Licensee shall promptly deliver to Quoin copies of all Regulatory Documentation related to the Product; and

[1] **Note to Draft:** We have deleted, as the reference to a Transition Period was included inadvertently

(b) At Quoin's request and direction, Licensee will continue to perform under the terms of this Agreement until the transfer of the Regulatory Approvals for the Product has been approved by the applicable Governmental Authorities.

11.4 Surviving Obligations. Sections 1, 2.3, 9, 10, and 12 of this Agreement shall survive the termination or expiration of this Agreement for any reason.

SECTION 12. OTHER PROVISIONS

12.1 Fees and Expenses. Subject to the parties' indemnification rights, Licensee shall pay all of the fees and expenses incurred by it and Quoin shall pay all of the fees and expenses incurred by Quoin, in negotiating and preparing this Agreement and in consummating the transactions contemplated hereby.

12.2 Notices. Any notices, demands or other legal or formal communications required or permitted to be sent hereunder shall be delivered personally or by facsimile, sent by overnight or international courier to the following addresses, and shall be deemed to have been received on the day of personal delivery or delivery by facsimile, one business day after deposit with an overnight domestic courier:

If to Licensee:

Attention: Hartley Atkinson M.Pharm, PhD
Level 1, 129 Hurstmere Rd, Takapuna, New Zealand 0622

With a copy to:

Mintz, Levin, Cohen. Ferris, Glovsky, and Popeo P.C.
One Financial Center, Boston MA 02111
Phone: +1 617 348 1834
Email: TMTuchin@mintz.com
Attention: Tali Tuchin

If to Quoin:

Attention: Michael Myers, Ph.D
42127 Pleasant Forest Court,
Ashburn, VA 20148

With a copy to:

12.3 Entire Understanding. This Agreement, together with the Exhibits and Schedules hereto, state the entire understanding among the parties with respect to the subject matter hereof, and supersede all prior oral and written communications and agreements, and all contemporaneous oral communications and agreements, with respect to the subject matter hereof including all confidentiality letter agreements and letters of intent previously entered into among some or all of the parties hereto. No amendment or modification of this Agreement shall be effective unless in writing and signed by the party against whom enforcement is sought.

12.4 Assignment. This Agreement shall bind, benefit, and be enforceable by and against Licensee, Quoin, and each of their respective successors and consented-to assigns. No party shall in any manner assign any of such party's rights or obligations under this Agreement without the express prior written consent of the other parties unless to an affiliate or to a successor of the assigning Party by reason of merger, sale of all or substantially all of its assets or the portion of its business which relates to this Agreement, or any similar transaction. Any permitted assignee or successor-in-interest will expressly assume all obligations of its assignor under this Agreement. No assignment will relieve either Party of its responsibility for the performance of any obligation.

12.5 Waivers. Except as otherwise expressly provided herein, no waiver with respect to this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, shall constitute a waiver of, or shall preclude any other or further exercise of, any right, power or remedy.

12.6 Severability. If any provision of this Agreement is construed to be invalid, illegal or unenforceable, then the remaining provisions hereof shall not be affected thereby and shall be enforceable without regard thereto.

12.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original hereof, and it shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart hereof.

12.8 Section Headings. Section and subsection headings in this Agreement are for convenience of reference only, do not constitute a part of this Agreement, and shall not affect its interpretation.

12.9 References. All words used in this Agreement shall be construed to be of such number and gender as the context requires or permits.

12.10 Controlling Law. **THIS AGREEMENT IS MADE UNDER, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF New York, UNITED STATES OF AMERICA, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED SOLELY THEREIN, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW. THE UNITED NATION CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT.**

12.11 Arbitration. If a matter cannot be resolved by the Parties, any said dispute shall be submitted to binding arbitration for final decision, and only through binding arbitration. Any such arbitration shall be held in New York, New York, in the English language in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce (the "**ICC Rules**"), except where those rules conflict with this Section 12.11, in which case this Section 12.11 controls. Unless otherwise agreed by the Parties, the tribunal shall be comprised of one (1) arbitrator agreed to by the Parties. The arbitrator shall decide the merits of any dispute in accordance with the law governing this Agreement, without application of any principle of conflict of laws that would result in reference to a different law. Judgment upon the award rendered by the arbitrator may be entered or enforced in any court having jurisdiction thereof. The decision of the arbitrator shall be final and binding on the Parties and shall be accompanied by a written opinion of the arbitrator explaining the arbitrator's rationale for his or her decision. The Parties shall equally share in paying all fees and costs of the arbitrator and the ICC, but each Party shall bear its own attorney and expert fees, except that the arbitrator may award the prevailing Party its reasonable attorneys' fees and legal costs. The Parties agree that, notwithstanding any provision of Applicable Law, they will not request, and the arbitrator shall have no authority to award, punitive or exemplary damages against either Party. Pending the selection of the arbitrator or pending the arbitrator's determination of the merits of any dispute, either Party may seek appropriate interim or provisional relief from any court of competent jurisdiction as necessary to protect the rights or property of that Party. The intent of the Parties is that except for seeking appropriate interim or provisional relief or the entering of an arbitration order in a court of competent jurisdiction, disputes shall be resolved finally in arbitration as provided above, without appeal, and without recourse to litigation in the courts. The Parties acknowledge that the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") applies to this Agreement and to any arbitral award or order resulting from any arbitration concluded hereunder. The award may be made a judgment of a court of competent jurisdiction.

12.12 No Third-Party Beneficiaries. No provision of this Agreement is intended to or shall be construed to grant or confer any right to enforce this Agreement, or any remedy for breach of this Agreement, to or upon any Person other than the parties hereto including any customer, prospect, supplier, employee, contractor, salesman, agent or representative of Quoin.

12.13 Neutral Construction. In view of the fact that each of the parties hereto have been represented by their own counsel and this Agreement has been fully negotiated by all parties, the legal principle that ambiguities in a document are construed against the draftsperson of that document shall not apply to this Agreement.

[Signature page follows]

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

By: /s/ Michael Myers
Name: Michael Myers
Title: CEO

By: /s/ Hartley Atkinson
Name: Hartley Atkinson
Title: CEO

[Signature page to License and Distribution Agreement]

EXHIBIT 1

DEFINED TERMS

"Additional Indication" means any indication other than the Initial Indication.

"Applicable Law" means all applicable Laws, rules, and regulations of any Governmental Authority pertaining to the development, manufacture, packaging, labeling, storage, import, export, distribution, marketing, sale and/or intended use of the Product in the Territory and the activities of either Party in performing any covenants under this Agreement.

"***Commercially Reasonable Efforts***" means the carrying out of such obligations or tasks with a level of effort and resources consistent with commercially reasonable practices normally devoted by a pharmaceutical company based on conditions then prevailing including issues of safety and efficacy, product profile, competitiveness of alternative products in the market place, pricing and reimbursement for the Product, the likely timing of the Product's entry into the market and other relevant technical and commercial factors.

"***Commercialize***" or "***Commercialization***" means the marketing, promotion, sale (and offer for sale or contract to sell), distribution, manufacturing or having manufactured, importation or other commercial exploitation of the Product.

"***Competing Product***" means any product that is approved as a drug for the treatment of the same indication for which the Product is approved and is directly competitive with the Product.

"Control" means, with respect to any particular Intangible, possession by the Party granting the applicable right, license, access or release to the other Party as provided herein of the power and authority, whether arising by ownership, license, or other authorization, to disclose and deliver the particular Intangible to the other Party, and to grant and authorize under such Intangible the right, license, access or release, as applicable, of the scope granted to such other Party in this Agreement without giving rise to any violation of the terms of any written agreement with any Third Party existing at the time such disclosure is first made or such right, license, access or release first comes into effect hereunder. "**Controlled**" and "**Controlling**" have their correlative meanings.

"Data Package" means the documentation containing information regarding the Product and the processes, techniques, studies, and data in connection with the Product and documentation for the Product, as prepared for Quoin to obtain approval of the marketing authorization for the Product in the United States and Europe.

"Entity" means any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), firm, society or other enterprise, association, organization or entity.

*"**Exploit**"* means to develop, have developed, import, warehouse, release, distribute, sell, offer for sale, commercialize, register, manufacture, have manufactured, hold or keep (whether for disposal or otherwise), use, have used, import, export, transport, distribute, or otherwise dispose of. "Exploitation" means the act of Exploiting a product.

"Governmental Authority" means any: (a) nation, principality, republic, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature, and any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or Entity and any court or other tribunal); (d) multi-national organization or body; or (e) individual, Entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

"Including" means including but not limited to.

"Initial Indication" means the treatment of Netherton Syndrome in humans in the Territory.

"Intangible" means any and all of the following and any and all rights and interests in, arising out of, or associated therewith, throughout the world: (a) all Inventions (whether patentable or not), (b) all Know-How (c) all Product Patents; (d) the Product Trademark; (e) Proprietary Information, (f) all logos, symbols, trade dress, and slogans, and all goodwill associated therewith and/or symbolized thereby; (g) all databases and data collections and all rights therein; (h) all moral, integrity, paternity, and economic rights of authors and inventors, however denominated; and (i) any similar or equivalent rights to any of the foregoing, including any intangible asset of any nature, whether or not in use, under development or design, or inactive.

*"**Inventions**"* means any inventions and/or discoveries, including information, processes, methods, assays, designs, protocols, and formulas, and improvements or modifications thereof, patentable or otherwise, that are generated, developed, conceived or reduced to practice by or on behalf of a Party or their respective sublicensees pursuant to activities conducted under this Agreement or otherwise with respect to the Product, in each case including all rights, title and interest in and to the intellectual property rights therein and thereto.

"Judgment" means any order, writ, injunction, citation, award, decree or other judgment of any nature of any Governmental Authority.

"***Know-How***" means with respect to the Product all of the following: manufacturing protocols and methods, product specifications, analytical methods and assays, processes, formulations, product designs, plans, trade secrets, ideas, concepts, manufacturing information, engineering and other manuals and drawings, standard operating procedures, flow diagrams, chemical data, pharmacological data, pharmacokinetic data, toxicological data, pharmaceutical data, physical and analytical data, safety data, quality assurance data, quality control and clinical data, technical information, other data, and research records.

"Launch" means the date of the first arms-length sale for monetary value of the Product for use or consumption by the end user following receipt of the Regulatory Approvals.

"Law" means any provision of any foreign, federal, state or local law, statute, ordinance, charter, constitution, treaty, code, rule, regulation or guideline, including common law.

"Net Sales" means the gross amounts invoiced for sales of the Product by or on behalf of Licensee and its affiliates or permitted transferees, licensees and sublicensees (each a "**Selling Party**") to Third Parties in the Territory, less the following deductions (the "**Sales Deductions**"), to the extent accrued or actually taken in accordance with GAAP (as generally and consistently applied by Selling Party):

(a) normal and customary trade, quantity and prompt pay discounts accrued or actually allowed and taken with respect to sales of the Product such discounts not to exceed [__]; [***To be determined by the parties***]

(b) refunds, credits, allowances and other similar adjustments given or made for rejection or return of previously sold Product or for retroactive price reductions and billing errors;

(c) rebates, coupons, and chargeback payments actually granted to managed health care organizations, pharmacy benefit managers (or equivalents thereof), national, state/provincial, local, and other governments, their agencies and reimbursers, or to trade customers;

(d) costs of freight, insurance, and other transportation charges directly related to the distribution of such Product; and

(e) Taxes, duties or other governmental charges (including any Tax such as a value added or similar Tax, but excluding any Taxes based on income) levied on or measured by the billing amount for the Product, as adjusted for rebates and refunds.

In no event will any particular amount identified above be deducted more than once in calculating Net Sales. Sales of Product between Licensee and its affiliates or any other Selling Party for resale are excluded from the computation of Net Sales, but the subsequent resale of such Product to a Third Party is included within the computation of Net Sales. For purposes of determining Net Sales, the Product shall be deemed sold when invoiced and a "sale" shall not include transfers or dispositions of such Product for pre-clinical or non-commercial clinical purposes, as samples or under named patient use, compassionate use, patient assistance, or test marketing programs or other similar programs or studies.

*"**Patents**"* means: (i) all national, regional and international patents and patent applications, including provisional patent applications; (ii) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from either of the foregoing, including divisionals, continuations, continuations-in-part, provisionals, and converted provisionals; (iii) any and all patents that have issued or in the future issue from the foregoing patent applications ((i) and (ii)), including utility models, petty patents, innovation patents and design patents and certificates of invention; (iv) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((i), (ii) and (iii)); and (v) any similar rights, including so-called pipeline protection or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any of such foregoing patent applications and patents.

"Permit" means any license, permit, approval, certification, waiver, order, authorization, right or privilege of any nature, granted, issued, approved or allowed by any Governmental Authority.

"Person" means any individual, Entity or Governmental Authority.

"Pricing Approval" means any and all pricing and Third Party reimbursement approvals necessary to commercialize the Product in the Territory.

"Product" means pharmaceutical product QRX003 in finished dosage form for human use.

"Product Patents" means any Patent Controlled or owned by Quoin in the Territory that, absent the license in Section 2.1, would be infringed by the importation, sale, or use of the Product in the Territory by a third party.

"Product Trademark" means ***[To be provided]***

"Product Technology" means all Intangibles owned or Controlled by Quoin and necessary for the Exploitation of the Product in the Territory, including, without limitation, the Data Package and the Product Trademark.

"Proprietary Information" means all financial information, marketing information, sales information, customer information, raw materials, Know-How, drawings, compositions, manufacturing and other specifications, analytical procedures, flow sheets, reports, market studies, preclinical and clinical test results, regulatory submissions, software and other medical, research, technical, and marketing information disclosed, directly or indirectly, by a Party to any other Party, information designated "Confidential," "Proprietary" or the like, or information that by its nature is information normally intended to be held in confidence. Proprietary will not include information (a) in the public domain at the time of disclosure, (b) published or otherwise part of the public domain after disclosure other than by breach of this Agreement by the receiving party, (c) already known by the receiving party at the time of disclosure and not acquired, directly or indirectly, from the disclosing party or anyone on behalf of the disclosing party, provided that the source of such information was not known by the receiving party or any of its representatives to be bound by a confidentiality agreement with respect to such information, and such prior knowledge is properly demonstrated by the receiving party's written records, or (d) lawfully provided to the receiving party by a third party who did not require the receiving party to hold the same in confidence and who did not acquire such information, directly or indirectly, from the disclosing party or anyone on behalf of the disclosing party as demonstrated by the receiving party's written records. For clarity, the Data Package and the Product Technology shall be considered Proprietary Information of Quoin.

"Regulatory Approvals" shall mean the licenses, registrations, clearances, consents, authorizations, and approvals required to have manufactured, store, import, transport, market, promote, sell, place on the market, and distribute the Product (including, without limitation, Pricing Approvals and labeling approvals) in the Territory, and all amendments thereto or supplements thereof.

"Regulatory Documentation" means all (a) regulatory filings and supporting documents, chemistry, manufacturing and controls data and documentation (including, but not limited to, batch records, master batch production records, standard operating procedures relevant to the Product, testing logs, sample logs, laboratory logs, and stability logs), preclinical and clinical studies and tests, (b) records maintained under record keeping or reporting requirements of any Governmental Authority with respect to the Product, the Regulatory Approvals, or any other Permit related to the Exploitation of the Product, (c) the complete complaint, adverse event and medical inquiry filings with respect to the Product, (d) all documentation relating to any Governmental Authority inspections relating to the Product and any communication with any Governmental Authority relating to the Product, the Regulatory Approvals, or any Permit related to the Exploitation of the Product, including correspondence and minutes of telephone calls or meetings.

"Specifications" means the standards, instructions, and specifications applicable to the manufacture and supply of the Product as set forth in the marketing authorization for the Product.

"Tax" means (a) any foreign, federal, state or local income, earnings, profits, gross receipts, franchise, capital stock, net worth, sales, use, value added, occupancy, general property, real property, personal property, intangible property, transfer, fuel, excise, payroll, withholding, workers compensation, unemployment compensation, social security, retirement, escheat, unclaimed property or other tax of any nature; (b) any foreign, federal, state or local organization fee, qualification fee, annual report fee, filing fee, occupation fee, assessment, sewer rent or other fee or charges of any nature; or (c) any deficiency, interest or penalty imposed with respect to any of the foregoing.

"Territory" means Australia and New Zealand.

"Third Parties" means any Person other than Licensee, Quoin, any of their respective affiliates or any of their respective successors or assigns.

SUPPLY AGREEMENT

This Supply Agreement (this "Agreement"), dated as of 15th of September, 2021 ("Effective Date"), is by and between by and between Quoin Pharmaceuticals, Inc., a Delaware corporation located at 2127 Pleasant Forest Ct., Ashburn, VA 20148 ("Quoin") and AFT Pharmaceuticals Ltd., a company incorporated under the laws of New Zealand located at Level 1, 129 Hurstmere Road, Takapuna, Auckland, 0622, New Zealand ("Licensee"). Quoin and Licensee are sometimes referred to herein individually as a "Party," and together as the "Parties."

WITNESSETH:

WHEREAS, Quoin and Licensee are parties to that certain License and Distribution Agreement, dated the date hereof ("License Agreement"), pursuant to which Quoin granted to Licensee an exclusive license under the Product Technology for Licensee to obtain the Regulatory Approvals and Exploit the Product in the Territory, subject to the terms of the License Agreement;

WHEREAS, Section 4.4 of the License Agreement provides that the Parties shall enter into a commercial supply agreement pursuant to which Quoin will manufacture and supply, or have manufactured and supplied, to Licensee the Product for sale in the Territory; and

WHEREAS, the Parties now desire to enter into this Supply Agreement to establish the terms and conditions under which Quoin will have the Product manufactured and supplied to Licensee for sale in the Territory.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Agreement have the meanings specified in Schedule 1 to this Agreement. As used herein the words "including" or "includes" shall be deemed to mean "including, without limitation," or "includes, without limitation."

ARTICLE II

MANUFACTURE AND SALE OF PRODUCT

Section 2.1 Engagement. During the Term and upon the terms and subject to the conditions set forth herein, Quoin agrees that it will manufacture and supply the Product to Licensee, and, in turn, Licensee agrees that it will exclusively purchase one hundred percent (100%) of the Licensee's requirements of the Product from Quoin for commercialization solely within the Territory. Quoin shall have the right to subcontract its obligations under this Agreement to a third party with prior notification to Licensee (it being agreed that, wherever Quoin makes a commitment under this Agreement with respect to the manufacture and supply of Product, such obligation shall be deemed satisfied if performed by such subcontractor).

Section 2.2 Sale and Distribution. The Licensee will sell the Product only in the Territory and will not directly or indirectly sell or otherwise distribute the Product outside of the Territory.

Section 2.3 Packaging and Labeling. The Licensee will be responsible for ensuring the accuracy of all information contained in the labels or labeling for Product and the compliance of all such labels and labeling with applicable Law and the Regulatory Approvals. Licensee will approve all artwork and labeling information necessary for the packaging and labeling of the Product. Quoin will, or will cause its contractors to, supply all packaging and labels for Product under this Agreement. Such packaging and labels will be in accordance with the Specifications. Quoin will make any changes to labeling and packaging Specifications required in writing by the Licensee, at the Licensee's sole cost and expense (including the cost of any obsolete labeling inventory), within a reasonable timeframe to be agreed upon in writing by both Parties. The Licensee will be responsible for submitting any such changes to all applicable Governmental Authorities for approval.

Section 2.4 Facility Maintenance; Inspection; Reports.

(a) Quoin shall, at all times, maintain and operate, or cause its contractors to maintain and operate, all facilities where Product is manufactured, packaged, tested, stored, warehoused or shipped in compliance with cGMP. Not more than once every twelve (12) months, Quoin shall permit, or cause its contractors to permit, quality assurance representatives of the Licensee or designated third parties (subject to appropriate confidentiality obligations) to inspect such facilities, operations, documents, and records directly related to the handling, manufacture, testing, inspection, packaging, storage, disposal and transportation of the Product by Quoin or the applicable contractor upon reasonable notice (which shall not be less than ten (10) days), during normal business hours and on a confidential basis. Quoin shall also permit, and cause its contractors to permit, representatives of the applicable Governmental Authority to inspect such facilities as requested by the such Governmental Authority.

(b) Quoin shall maintain adequate and accurate records consistent with the applicable Specifications, including records covering quality control testing and release of the Product and all other manufacturing services provided hereunder in material compliance with cGMP.

(c) Quoin shall notify Licensee as soon as reasonably practicable and in any event within five (5) business days following receipt of notice of any Governmental Authority inspection of the manufacturing facility if such inspection pertains to the Product.

Section 2.5 Adverse Events. Prior to the launch of Product the Parties shall each assign a representative to negotiate in good faith and agree on a process and procedure for sharing adverse event information which shall be documented in a safety data exchange (SDEA) agreement which the Parties shall use commercially reasonable efforts to agree upon and execute prior to commercialization of the Product.

ARTICLE III

FORECASTS, ORDERS AND SHIPMENT

Section 3.1 Forecasts. In order to assist in the planning of production runs for the Product, the Licensee will, at least one hundred and eighty (180) days prior to the commercial Launch of the Product in the Territory, provide Quoin with a non-binding written forecast of estimated quantities of Product that the Licensee anticipates ordering from Quoin during the next eighteen (18) month period (the "Forecast"). This initial Forecast will be updated at least two (2) business days after the first day of the month following the first calendar quarter after the date hereof, and at least two (2) business days after the first day of the month for each successive calendar quarter, and each such updated Forecast will be promptly delivered to Quoin by the Licensee. The first three (3) months of each such Forecast (the "Firm Order Period") shall be binding on Licensee. The remaining fifteen (15) months of each such forecast shall be non-binding estimates for planning purposes. No Forecast shall be required for any period of time that extends beyond the Term (as in effect at the time of such Forecast). The Licensee will forecast in amounts comprising full batch and in multiples of batch quantities, as such quantities are set forth on Schedule 6.1. Each Forecast will be made by the Licensee in good faith, taking into account reasonable projections of demand for the Product including, without limitation, allowing for reasonable safety stock of finished Product.

Section 3.2 Orders.

(a) The Licensee will place firm purchase orders ("Firm Orders") for Product in writing for delivery at least ninety (90) days after the Purchase Order Date. A Firm Order shall only be deemed binding on Quoin upon acceptance in writing by Quoin provided that Quoin shall accept or reject each Firm Order in writing within seven (7) Business Days after Quoin's receipt of each valid order which shall require that such order meets the requirements specified below. Each Firm Order will specify the quantity and description of each Product ordered, the requested delivery date (which delivery dates will not be on a Saturday, Sunday or holiday), the delivery address, the transportation method and carrier and any special instructions requested; provided that no Firm Order shall include a quantity of a Product that is greater than 125% of the quantity of such Product set forth in the Firm Order Period of the most recent Forecast delivered to Quoin by the Licensee. In the event that the Firm Orders exceed 125% of the most recent forecast, Quoin is not obligated but shall use commercially reasonable efforts to deliver the additional quantities. The minimum size of any order placed by the Licensee will be a full batch (or multiples of a full batch) in accordance with Schedule 6.1 hereto, except with the prior approval of Quoin and payment of any additional expenses or fees that are required for split batches. The Product set forth in Firm Orders will be delivered to such location as the Licensee designates in writing to Quoin from time to time. The date an order will be deemed placed (the "Purchase Order Date") will be the date that Quoin actually receives the purchase order form. The Licensee will be fully responsible for any changes to a Firm Order. Orders will be deemed accepted by Quoin unless Quoin provides notification of rejection to the Licensee within seven (7) Business Days of receipt of the Firm Order.

(b) Quoin will use its commercially reasonable efforts to supply the Product in accordance with each Firm Order placed pursuant to the terms of this Agreement by the Licensee to the extent accepted by Quoin including the quantities and delivery dates in each Firm Order. Each Firm Order will set forth a delivery date, not less than ninety (90) days after the date of such order.

(c) In the event that at any time Quoin foresees that it will be unable to supply to Licensee (or its nominee) in whole or in part an ordered or forecasted quantity of Product by the delivery date for any reason, including a Force Majeure event, Quoin shall notify Licensee of such inability as soon as possible, the reasons therefor and the date such inability is expected to end, the quantities of Product available during such period and the proposed amount of the raw materials and/or resources prioritized to Licensee in the event such inability is caused by a shortage of raw materials and/or resources required for the Manufacture of Product.

(d) Quoin shall deliver the Product to Licensee with at least 85% (eighty five percent) of remaining shelf life at the shipment date in accordance with Section 3.2(b).

(e) The terms of this Agreement shall prevail over any conflicting, inconsistent or additional terms set forth in any Firm Order, invoice, or acceptance form.

Section 3.3 Delivery.

(a) All Product shipped under this Agreement will be shipped EXW the facility where the Product is manufactured. The Licensee shall make necessary arrangements to pick up the shipment and will pay all freight, insurance charges, taxes, import and export duties, inspection fees and other charges applicable to the sale and transport of Product purchased by the Licensee. Title and risk of loss and damages to Product purchased by the Licensee will pass to the Licensee upon pickup of the Product by the Licensee's carrier at the facility of manufacture. In the event of damage or loss to the Product after delivery, the Licensee will be responsible to file claims with the carrier. Quoin shall notify Licensee of the following information concurrently with each shipment of Product: (i) date of shipment, (ii) quantity and type of Product shipped, and (iii) order number or other identifying information.

(b) Quoin shall perform quality assurance testing with respect to the Product sold hereunder, including stability testing, so that the Product conforms with the Specifications. Quoin shall provide Licensee with a Certificate of Analysis ("COA") and a Certificate of Compliance ("COC") confirming that the Product in such shipment has been tested in accordance with the Regulatory Approval and meets the Specifications via facsimile transmission. Any deviations and investigations related to such Product shall be completed in compliance with applicable Regulatory Approval and the Quality Agreement (as defined in Section 5.5 hereof).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Quoin. Quoin hereby represents and warrants to the Licensee as follows:

(a) Product Compliance. All Product delivered pursuant to this Agreement by Quoin (or any sub-contractor thereof) to the Licensee or its designee during the Term will at shipment be in compliance in all material respects with this Agreement, the Specifications and the Quality Agreement. At the time Quoin makes each shipment of Product available for pick-up by Licensee (or Licensee's carrier), the Product shall be free of any lien or other encumbrance.

(b) Authorization. This Agreement has been duly executed and delivered by Quoin and, assuming due execution and delivery by the Licensee, constitutes a valid and binding obligation, enforceable against Quoin in accordance with its terms, except as enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other laws relating to creditors' rights generally and by general equitable principles. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of Quoin and its respective officers and directors.

(c) Absence of Conflicts. The execution, delivery and performance of this Agreement by Quoin does not conflict with or constitute a default under any agreement, instrument or understanding, oral or written to which it is a party or by which it may be bound, does not conflict with any provision of any of its organizational documents and does not conflict with or violate any applicable Law or court order or decree.

(d) Organization and Standing. Quoin is a corporation, duly organized, validly existing and in good standing under the laws of Delaware.

(e) Power and Authority. Quoin has the corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(f) Compliance With Law. Quoin has and will maintain throughout the Term of this Agreement all permits, licenses, registrations and other forms of governmental authorization and approval as required in order for Quoin to execute and deliver this Agreement and to perform its obligations hereunder.

(g) No Debarment. Quoin is not debarred and has not and will not use in any capacity the services of any person debarred under subsection 306(a) or (b) of the Generic Drug Enforcement Act of 1992. If at any time this representation and warranty is no longer accurate, Quoin shall promptly notify Licensee of such fact.

Section 4.2 Representations and Warranties of the Licensee. The Licensee hereby represents and warrants to Quoin as follows:

(a) Authorization. This Agreement has been duly executed and delivered by the Licensee and, assuming due execution and delivery by Quoin, constitutes a valid and binding obligation, enforceable against the Licensee in accordance with its terms, except as enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other laws relating to creditors' rights generally and by general equitable principles. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Licensee and its respective officers and directors.

(b) Absence of Conflicts. The execution, delivery and performance of this Supply Agreement by the Licensee does not conflict with or constitute a default under any agreement, instrument or understanding, oral or written to which it is a party or by which it may be bound, does not conflict with any provision of any organizational documents of the Licensee and does not conflict with or violate any applicable Law or court order or decree.

(c) Organization and Standing. The Licensee is a corporation, duly organized, validly existing and in good standing under the laws of New Zealand.

(d) Power and Authority. The Licensee has the corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(e) Product Compliance in the Territory. Product delivered by Quoin in accordance with this Agreement is and shall be during the Term consistent in all respects with all Laws applicable to the manufacture, import, sale, use, storage and commercialization of the Product in the Territory.

Section 4.3 Disclaimer. THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT ARE THE PARTIES' ONLY WARRANTIES AND NO OTHER WARRANTY, EXPRESS, IMPLIED OR STATUTORY, WILL APPLY. EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FOR THE AVOIDANCE OF DOUBT, EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF NON-INFRINGEMENT THAT ARE NOT EXPRESSLY SET FORTH IN THIS AGREEMENT.

ARTICLE V

QUALITY ASSURANCE

Section 5.1 Quoin's Covenants. Quoin hereby covenants during the Term that it will:

(a) manufacture, fill, package, test, handle, store, warehouse and ship the Product in conformity with this Agreement, Quality Agreement (subject to Section 5.5 of this Agreement) and the Specifications;

(b) promptly (but in any event no later than five (5) Business Days after becoming aware) inform Licensee of any adverse events related to the Product and any inspections, communications, or material issues raised by the FDA in connection with the Manufacturing of the Product, and shall provide Licensee with copies of any correspondence (including emails) relating thereto;

(c) obtain and maintain all permits reasonably necessary to manufacture and supply Product in accordance with this Agreement; and

(d) if Quoin becomes aware of any Product supplied to Licensee hereunder that have not been manufactured in accordance with the Specifications, promptly inform Licensee in writing.

Section 5.2 The Licensee's Covenants. The Licensee hereby covenants during the Term that it will:

(a) hold, store, handle, ship, deliver, distribute, offer for sale, and/or sell the Product in accordance with applicable Law and the terms of the License Agreement, and in compliance with the Specifications;

(b) except as set forth herein or in the Quality Agreement between the Parties, upon delivery of the Product to the Licensee, the Licensee will be solely responsible for compliance with all quality control testing and other testing requirements set forth in this Agreement and, further, all applicable Law with respect to the manufacture, import, sale, use, storage and commercialization of the Product in the Territory;

(c) where appropriate maintain the Regulatory Approvals for the Product in full force and effect throughout the Term.

Section 5.3 Rejection of Delivered Product. Within thirty (30) days of receipt of any shipment of Product and applicable COA and COC by the Licensee at its applicable warehouse, the Licensee will inspect the Product, COA and COC and advise Quoin of any defect revealed from such inspection whereby the Product does not conform to the Specifications. Any Product not refused within thirty (30) days will be deemed accepted. If the Licensee wishes to refuse acceptance, the Licensee will, within such 30-day period, provide written notice to Quoin of its refusal to accept the defective Product and the reason(s) therefor. In the event a hidden defect (i.e., one which could not have been reasonably identified during the initial 30-day Licensee inspection period) is discovered at a later date whereby the Product does not conform to the Specifications, the Licensee shall inform Quoin within fifteen (15) days after Licensee becomes aware of the alleged hidden defect. In the event that the Licensee refuses acceptance or rejects the Product due to a hidden defect, Quoin, upon confirmation of the reasons for refusal or rejection of the Product, will replace within ninety (90) days or as soon as reasonably practicable the defective Product at Quoin's sole cost and expense (including the cost of shipping) or refund the Transfer Price and reimburse the shipping expense, at the Licensee's option. If Quoin and the Licensee do not agree on the refusal or rejection of Product, then either Party may refer the matter for final analysis to a specialized laboratory of national reputation acceptable to both Parties for the purpose of determining the results. Any determination by such laboratory will be final and binding upon the Parties. The cost of any such review by a laboratory shall be borne by the Licensee if it is determined that the Product conforms to the Specifications, and by Quoin if determined that it does not. Except as set out in this Section 5.3 and Section 10.1, Quoin shall have no liability to Licensee for any defect for which it has not received notice from the Licensee as specified herein.

Section 5.4 Recall. Licensee, in consultation with Quoin, shall have the exclusive right to institute a recall and shall be responsible for managing the recall and communications with customers and Governmental Authorities. The Parties shall cooperate with each other in connection with any such efforts. In the event that any Product is quarantined or recalled by Licensee, or is subject to stop-sale action, whether voluntary or by governmental action, it is agreed and understood that any reasonable and documented expenses, including any out-of-pocket administrative costs and reasonable and documented fees of any experts or attorneys that may be utilized by either Party, government fines or penalties, related to such recall, quarantine or stop-sale, will be borne by the Licensee unless it is determined that the reason for the quarantine, recall or stop-sale action is solely the result of the failure by Quoin to manufacture and supply (or have manufactured and supplied) Product that meets the Specifications therefor under this Agreement, and in such case such expenses will be the responsibility of Quoin. If the Parties do not mutually agree on which Party is responsible for the recall or other field action, the responsibility for the recall or field action shall be determined by a mutually acceptable independent qualified third party whose fees shall be shared equally by the Parties.

Section 5.5 Quality Procedures. Quoin and Licensee shall comply with the terms of the quality requirements set forth in a quality agreement to be negotiated in good faith by the Parties and entered into by the Parties as soon as practicable after the date hereof (the "Quality Agreement") with respect to the manufacture of the Product. To the extent that any inconsistencies or conflicts exist between the Quality Agreement and this Agreement with regard to quality requirements and compliance with applicable Law, the provisions in this Agreement shall prevail.

Section 5.6 Manufacturing Changes.

(a) Licensee may unilaterally and in its sole discretion make one or more Required Manufacturing Changes by giving written notice thereof to Quoin, whereupon the Parties shall cooperate in implementing such Required Manufacturing Changes as promptly as reasonably practicable. Licensee may request one or more Discretionary Manufacturing Changes by giving at least ninety (90) days written notice thereof to Quoin, whereupon if Quoin accepts the requested Discretionary Manufacturing Changes (such acceptance not to be unreasonably withheld or delayed), the Parties shall cooperate in implementing such Discretionary Manufacturing Changes as promptly as reasonably practicable. Quoin shall promptly provide to Licensee Quoin's good faith and detailed estimate of the actual and reasonable costs that will be incurred by Quoin resulting directly from any such Required or Discretionary Manufacturing Changes, including the cost of any obsolete inventory resulting from the changes. All such reasonable and documented costs shall be borne by Licensee.

(b) Quoin shall not in any respect amend, modify or supplement the Specifications or the manufacturing process or any materials or sources of materials used in connection with manufacturing the Product without the prior written consent of Licensee. Quoin may request or recommend one or more Discretionary Manufacturing Changes by giving at least ninety (90) days written notice thereof to Licensee and shall provide Licensee with appropriate documentation relating to any such changes to the Specifications or manufacturing process. If Licensee approves any such Discretionary Manufacturing Change, Quoin may implement such change in accordance with the specifications provided by Quoin to Licensee. All costs arising out of any Discretionary Manufacturing Changes requested by Quoin shall be borne by Quoin.

ARTICLE VI

PRICE AND PAYMENTS

Section 6.1 Prices. The price payable by the Licensee for Product will be the price set forth on Schedule 6.1 and will be adjusted pursuant to Section 6.3 (the "Transfer Price"). The price for the Product set forth on Schedule 6.1 shall be equal to the Manufacturing Costs of Quoin. The method for calculation of the Transfer Price set forth in this Section 6.1 shall be valid for the Initial Term only, Transfer Price of any agreed upon Extended Term shall be subject to negotiate between the Parties.

Section 6.2 Any additional costs such as stability costs, scale-up expenses, and additional analytical or testing expenses that may be specifically incurred at the request of Licensee or as required for the Manufacture of the Product in accordance with the Specifications and/or cGMP compliance in the Territory will be charged at actual cost to the Licensee. Quoin will provide prior information to the Licensee before incurring any such costs and/or expenses. A separate invoice will be issued to Licensee for such costs and/or expenses.

Section 6.3 Adjustment. Quoin shall be permitted to increase the Transfer Price of Product to the extent of any documented actual increase in the Manufacturing Costs.

Section 6.4 Invoices. Quoin will send all invoices in respect of any Product to a single address specified in writing by the Licensee to Quoin following the date that such Product subject to any Firm Order shall have been made available to the Licensee under Section 3.3(a). Payments for Product sold hereunder will be made by the Licensee to Quoin within sixty (60) days after the date of the invoice by electronic funds transmission in United States dollars as specified in any invoice, without any offset or deduction of any nature whatsoever. All payments will be made to such account as Quoin will have specified in writing to the Licensee with written confirmation of payment sent by email or facsimile to such address as Quoin will have specified in writing to the Licensee. Licensee shall advise Quoin within ten (10) calendar days of any disputed invoice. If the Licensee fails to pay any undisputed invoiced amount when due, a service charge will be imposed by Quoin equal to one percent (1%) per month of the outstanding amount for each month or portion thereof that such undisputed amount is overdue.

Section 6.5 Taxes, etc. The Licensee will bear solely the cost of any taxes, levies, duties or fees of any kind, nature or description whatsoever applicable to the sale and transportation of Product sold by Quoin to the Licensee ("Licensee Taxes"), and the Licensee will forthwith pay to Quoin all such sums upon demand. Quoin and Licensee shall cooperate with each other and use their commercially reasonable efforts to obtain any certificate or other document from any person as may be necessary to mitigate, reduce or eliminate any such Licensee Taxes.

Section 6.6 Separate Sale. Each shipment of Product to the Licensee will constitute a separate sale, obligating the Licensee to pay therefor, whether said shipment is in whole or only partial fulfillment of any order or confirmation issued in connection therewith.

Section 6.7 Deductions. Except as otherwise required by applicable law, the Licensee agrees not to make any deductions of any kind from any payments becoming due to Quoin unless the Licensee will have received prior written authorization from Quoin authorizing such deduction.

ARTICLE VII

TERM AND TERMINATION

Section 7.1 Term. The provisions of this Agreement will commence on the date hereof and will continue in effect until the License Agreement is terminated or expires pursuant to its terms, and this Agreement shall terminate simultaneously with such termination or expiration of such License Agreement, unless earlier terminated in accordance with this Article VII (the "Initial Term"). This Agreement may be extended in the same manner and for the same duration as, and simultaneously with, any extension of the term of the License Agreement, subject to a mutually agreed upon price increase at the time of the extension, (the "Extended Term" and together with the Initial Term, the "Term").

Section 7.2 Termination. Either Quoin, on the one hand, or the Licensee, on the other hand, as applicable, will have the right to terminate this Agreement with immediate effect (except as otherwise stated below) upon written notice to the other upon the occurrence of the following:

(a) Quoin, on the one hand, or the Licensee, on the other hand, files a petition in bankruptcy, or enters into an agreement with its creditors, or applies for or consents to the appointment of a receiver or trustee, or makes an assignment for the benefit of creditors, or becomes subject to involuntary proceedings under any bankruptcy or insolvency Law;

(b) Quoin, on the one hand, or the Licensee, on the other hand, fails to cure any noncompliance with any of the terms and conditions hereof within the time period specified in any prior written notice (which will be at least thirty (30) days) delivered to the non-compliant Party by another Party; provided; however, that Quoin shall be permitted to terminate immediately upon delivery of written notice to Licensee in the event that Licensee has failed at least two (2) times in any twelve (12) month period to pay to Quoin any amount invoiced hereunder when such amount is due, other than where such failure is due to a good faith dispute over the amount owed;

(c) The termination of the License Agreement.

Section 7.3 Effects of Termination.

If this Agreement is terminated pursuant to Section 7.2:

(a) The Licensee acknowledges and agrees that Quoin will supply the Product for a period of six (6) months following termination of this Agreement pursuant to Section 7.2(c) hereof, except where such termination of the License Agreement has been by Quoin pursuant to Section 11.2.3 or 11.2.4 of the License Agreement. In all other cases, Quoin shall be entitled to cancel any Firm Order accepted prior to the date of termination. Quoin will not be obligated to supply any Product ordered by the Licensee, with respect to any Product to be delivered after the effective date of the termination. In addition, Quoin may at its election deliver in accordance with the shipping terms of this Agreement all quantities of components, materials, APIs and work-in-progress, and finished product in Quoin's or its Affiliates' possession, and to the extent such components, materials, API, work-in-progress, and finished product have not already been paid for by Licensee and are not reasonably allocable to or usable for other activities being carried out by Quoin or its Affiliates, then the Licensee shall purchase them from Quoin at Quoin's actual cost, which amount shall be payable no later than thirty (30) days after receipt thereof by the Licensee.

(b) Subject to Section 7.3(a) hereof, termination or expiration of this Agreement for any reason will not relieve the Parties of any obligation accruing prior to such termination or expiration (including in respect of any Firm Orders). The rights and obligations of the Parties under Sections 5.3, 5.4, 5.5, 7.3, Article IX, Article X, and Article XI of this Agreement will survive the expiration or termination of this Agreement.

ARTICLE VIII

FORCE MAJEURE

Section 8.1 Force Majeure. Neither Party will be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term or provision of this Agreement (other than the payment of money) when such failure or delay will be caused (directly or indirectly) by a circumstance beyond the reasonable control of the affected Party, including, without limitation, pandemic, fire; flood; accident; explosion; terrorism, sabotage; strike, or any labor disturbance (regardless of the reasonableness of the demands of labor); civil commotions; riots; invasions; wars (present or future); acts, restraints, requisitions, regulations, or directions of any Governmental Authority, except where such acts, restraints, requisitions, regulations or directions are the result of a Party's violation of applicable Law; shortage of labor, fuel, or power; any failure of a third party supplier of the Product or raw materials to deliver timely; inability to obtain or delays of transportation facilities; any act of God; any act of the other Party or any cause (whether similar or dissimilar to the foregoing) beyond the reasonable control of such Party (each a "Force Majeure"). Any Party asserting its inability to perform any obligation hereunder for any such contingency shall promptly notify the other Party of the existence of any such contingency and shall use commercially reasonable efforts to mitigate such contingency and re-commence its performance of such obligation as soon as commercially practicable. Neither Party shall suffer penalty or incur any liability for its inability to perform hereunder by reason of Force Majeure. If a Party fails to perform any of its obligations under this Agreement by reason of Force Majeure and such non-performance continues for a period of one hundred and eighty (180) days from the first occurrence of the event of Force Majeure, the other Party may terminate this Agreement by providing written notice to that effect to the non-performing Party. In the event of such termination, the provisions contained in Section 7.3 shall apply.

ARTICLE IX

CONFIDENTIALITY

Section 9.1 Non-disclosure and Non-use Obligation. Each Party or its Affiliates or contractors may, from time to time, prior to or after the date hereof, disclose to the other Party information of a technical or non-technical nature that is not generally known to the trade or public. Each Party agrees that it will not, and will cause its Affiliates, and will use reasonable best efforts to cause its contractors, not to, use for any purpose other than as necessary to perform its obligations under this Agreement, and will not disclose to anyone in any manner whatsoever, any such information including, without limitation, information relating in any way to the products, processes, and services of each Party or its Affiliates or contractors, which becomes known to the other Party on or prior to the date of the termination or expiration of this Agreement. The obligations of this Section 9.1 will not apply to information (i) that is known to a Party as shown by written records prior to its disclosure by Quoin or its contractors; (ii) that becomes public information or is generally available to the public other than by an unauthorized act or omission of the other Party; or (iii) that is received by a Party from third parties who are in rightful possession of such information and who are lawfully entitled to disclose such information and did not receive such information from the other Party. Upon the termination or expiration of this Agreement, each Party will return or destroy (with written confirmation thereof) to the other Party all documents that include confidential information of each Party or its contractors including all copies of such documents or extracts therefrom, if any, and will make no further use of such information. This Agreement shall not be deemed to restrict the receiving Party from complying with a lawfully issued governmental order or any other requirement of applicable Law to produce or disclose confidential information of the other Party; provided that the receiving Party shall have complied with the requirements of this Section 9.1. With respect to any such governmental order or requirement of applicable Law, the receiving Party shall promptly notify the disclosing Party of such order so that the disclosing Party may seek to quash such order or to obtain an appropriate protective order requiring that the confidential information that is the subject of such order or requirement of applicable Law be held in confidence or, if disclosed, be used only for the purposes for which such order was issued or such requirement of applicable Law covers. The receiving Party shall reasonably cooperate with the disclosing Party in any such proceeding. With respect to any such order that is not quashed or any other requirement of applicable Law to disclose confidential information of the disclosing Party, the receiving Party shall furnish only that portion of such confidential information that the receiving Party is advised by counsel is legally required to be disclosed and the receiving Party shall, at the disclosing Party's cost, exercise its reasonable efforts, in its sole discretion, to obtain a protective order or other reliable assurance that confidential treatment shall be accorded to the confidential information so disclosed. The receiving Party's obligations shall be qualified to the extent it is reasonably able to comply with the terms of this Section 9.1 depending upon the order or other legal requirement and the timing within which the receiving Party is obligated to comply therewith.

ARTICLE X

INDEMNIFICATION

Section 10.1 By Quoin. From and after the Effective Date, Quoin will indemnify, defend and hold harmless, and pay and reimburse, the Licensee, its Affiliates and their respective officers, directors, employees, agents, advisors, and shareholders from and against any and all liabilities, losses, claims, damages, costs, and expenses (including reasonable attorneys' fees) ("Losses") resulting from or relating to any claim by a Third Party resulting from or arising out of: (i) Quoin's or its contractors' or Affiliate's negligence or willful misconduct or violation of applicable laws, or (ii) any breach by Quoin of any of its representations and warranties, covenants, agreements or obligations contained in this Agreement; except to the extent such Losses arise as a result of the breach of this Agreement, or the negligence, willful misconduct, violation of applicable laws, or breach of this Agreement by Licensee or its contractors or Affiliates.

Section 10.2 By the Licensee. From and after the Effective Date, the Licensee will indemnify, defend and hold harmless, and pay and reimburse, Quoin and its Affiliates and their respective officers, directors, employees, agents, advisors and shareholders from and against any and all Losses resulting from or relating to any claim by a Third Party resulting from or arising out of: (a) the Licensee's negligence or willful misconduct or violation of applicable laws, or (b) the Licensee's breach of any of its representations and warranties, covenants, agreements or obligations contained in this Agreement; or (c) regarding any Product sold by Licensee or its Affiliates from and after the Effective Date, including but not limited to (i) any claim for patent infringement, personal injury, death or property damage or (ii) the use of the Product by any person; provided, however, that the Licensee shall not be liable for any Losses to the extent arising from Quoin's or it contractors' negligence, willful misconduct, violation of applicable laws or breach of its representations and warranties, covenants, agreements or obligations contained in this Agreement.

Section 10.3 Procedures. With respect to each event, occurrence or matter (an "Indemnification Matter") as to which Quoin or Licensee, as the case may be (the "Indemnitee") is entitled to indemnification from the other Party (the "Indemnitor") under this Article X:

(a) Within ten (10) days after the Indemnitee receives written documents underlying the Indemnification Matter or, if the Indemnification Matter does not involve a third party action, suit, claim or demand, promptly after the Indemnitee first has actual knowledge of the Indemnification Matter, the Indemnitee shall give notice to the Indemnitor of the nature of the Indemnification Matter and the amount demanded or claimed in connection therewith ("Indemnification Notice"), together with copies of any such written documents.

(b) If a third party action, suit, claim or demand is involved, then, upon receipt of the Indemnification Notice, the Indemnitor shall, at its expense and through counsel of its choice, promptly assume and have sole control over the litigation, defense or settlement (the "Defense") of the Indemnification Matter, except that (i) the Indemnitee may, at its option and expense and through counsel of its choice, participate in (but not control) the Defense; and (ii) the Indemnitor shall not consent to any Judgment, or agree to any settlement that does not unconditionally release the Indemnitee, without the Indemnitee's prior written consent. The Indemnitee may not consent to the settlement or entry of judgment in any such action, suit, claim or demand without the Indemnitor's prior written consent. The Indemnitee shall fully cooperate with the Indemnitor in the Defense as the Indemnitor may request and at its expense. In any event, the Indemnitor and the Indemnitee shall fully cooperate with each other in connection with the Defense including by furnishing all available documentary or other evidence as is reasonably requested by the other.

Section 10.4 Insurance. At all times from the Effective Date through that date which is three (3) years after the termination or expiration of this Agreement, each of the Licensee and Quoin will maintain general liability insurance in the amount of not less than USD $5,000,000 per occurrence and USD $5,000,000 in aggregate and product liability insurance (or self-insurance), which is reasonable and customary in the USA pharmaceutical industry for companies of comparable size, provided that in no event shall the product liability insurance amounts be less than USD $5,000,000 per occurrence and USD $5,000,000 in the aggregate limit of liability per year. Each of the Licensee and Quoin shall add the other party as additional insured in their general liability and product liability policy and provide written proof of such insurance to the other Party upon request.

Section 10.5 Limitations.

(a) In no event shall either Party be liable by reason of any breach of any representation, warranty, condition or other term of this Agreement or any duty of common law, for any consequential, special, indirect or incidental or punitive loss or damage (whether for loss of current or future profits, loss of enterprise value or otherwise); provided, however, that the foregoing does not limit any of the obligations or liability of either Party or its Affiliates under Sections 10.1 and 10.2 with respect to claims of unrelated third parties or liability arising from fraud or willful misconduct of a Party or its Affiliates or contractors, or damages caused by a Party's breach of Article IX.

(b) In the event that either Party asserts or claims that the other Party has breached any of its obligations hereunder the other Party's maximum liability under or in connection with any such claim herein shall be limited to the amounts paid and payable by Licensee to Quoin hereunder; provided, however, that the foregoing shall not limit any liability or obligations under Sections 10.1 and 10.2 with respect to claims of unrelated third parties or arising from fraud or willful misconduct of either Party or its Affiliates or contractors.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Assignment. Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party ; provided, however either Party may assign its rights and obligations under this Agreement, without the prior written consent of the other Party, to an Affiliate or to a successor of the assigning Party by reason of merger, sale of all or substantially all of its assets or the portion of its business which relates to a Product, or any similar transaction. Any permitted assignee or successor-in-interest will assume all obligations of its assignor under this Agreement. No assignment will relieve either Party of its responsibility for the performance of any obligation. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Section 11.2 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable by any Law or public policy, the remaining provisions of this Agreement will nevertheless remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom as long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties will negotiate reasonably and in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 11.3 Notices. All notices and other formal or legal communications required or permitted to be given or made pursuant to this Agreement shall be in writing signed by the sender and shall be deemed duly given (a) on the date delivered, if personally delivered, (b) on the date sent by telecopier with automatic confirmation by the transmitting machine showing the proper number of pages were transmitted without error, or (c) on the Business Day after being sent by Federal Express or another recognized overnight mail service which utilizes a written form of receipt for next day or next Business Day delivery in each case addressed to the applicable Party at the address set forth below; provided that a Party may change its address for receiving notice by the proper giving of notice hereunder:

(a) if to the Licensee, to:

Attention: Hartley Atkinson

Level 1

129 Hurstmere Road

Takapuna

Auckland 0622

New Zealand

With a copy (which shall not constitute notice) to:

Mintz, Levin, Cohen. Ferris, Glovsky, and Popeo P.C.

One Financial Center

Boston MA 02111

Phone: +1 617 348 1834

Email: TMTuchin@mintz.com

Attention: Tali Tuchin

(b) if to Quoin, to:

with a copy (which shall not constitute notice) to:

Blank Rome LLP
One Logan Square, 130 N 18th St.
Philadelphia, PA 19103-6998
Attention: Peter I Tsoflias, Esq.
Facsimile: 202.379.9021
Email: PTsoflias@blankrome.com

It is understood and agreed that this Section 11.3 is not intended to govern the ordinary course business communications necessary between the Parties in performing their duties, in due course, under the terms of this Agreement, including the placement of orders and the delivery of Forecasts.

Section 11.4 Applicable Law. THIS AGREEMENT IS MADE UNDER, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED SOLELY THEREIN, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

Section 11.5 Arbitration. If a matter cannot be resolved by the Parties, any said dispute shall be submitted to binding arbitration for final decision, and only through binding arbitration. Any such arbitration shall be held in New York, New York, in the English language in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce (the "ICC Rules"), except where those rules conflict with this Section 11.5, in which case this Section 11.5 controls. Unless otherwise agreed by the Parties, the tribunal shall be comprised of one (1) arbitrator agreed to by the Parties. The arbitrator shall decide the merits of any dispute in accordance with the law governing this Agreement, without application of any principle of conflict of laws that would result in reference to a different law. Judgment upon the award rendered by the arbitrator may be entered or enforced in any court having jurisdiction thereof. The decision of the arbitrator shall be final and binding on the Parties and shall be accompanied by a written opinion of the arbitrator explaining the arbitrator's rationale for his or her decision. The Parties shall equally share in paying all fees and costs of the arbitrator and the ICC, but each Party shall bear its own attorney and expert fees, except that the arbitrator may award the prevailing Party its reasonable attorneys' fees and legal costs. The Parties agree that, notwithstanding any provision of Applicable Law, they will not request, and the arbitrators shall have no authority to award, punitive or exemplary damages against either Party. Pending the selection of the arbitrator or pending the arbitrator's determination of the merits of any dispute, either Party may seek appropriate interim or provisional relief from any court of competent jurisdiction as necessary to protect the rights or property of that Party. The intent of the Parties is that except for seeking appropriate interim or provisional relief or the entering of an arbitration order in a court of competent jurisdiction, disputes shall be resolved finally in arbitration as provided above, without appeal, and without recourse to litigation in the courts. The Parties acknowledge that the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") applies to this Agreement and to any arbitral award or order resulting from any arbitration concluded hereunder. The award may be made a judgment of a court of competent jurisdiction.

Section 11.6 Entire Agreement. This Agreement and the attached Schedules, which are incorporated herein constitute the entire agreement between the Parties with respect to the subject matter hereof and all prior agreements with respect hereto are superseded. Each Party confirms that no representations, warranties, covenants or understandings of any kind, nature or description whatsoever are being made or relied upon by any Party. No amendment or modifications hereof will be binding upon the Parties unless set forth in a writing specified to be an explicit amendment to this Agreement duly executed by authorized representatives of each of the Parties. The Parties recognize that, during the Term of this Agreement, a purchase order, acknowledgement form, invoice or similar routine document (collectively "Forms") may be used to implement or administer provisions of this Agreement. Therefore, the Parties agree that the terms of this Agreement, as it may be amended, will prevail in the event of any conflict between this Agreement and the printed provision of such Forms, or typed provisions of Forms that add to, vary, modify or are in conflict with the provisions of this Agreement with respect to the Product sold during the Term of this Agreement.

Section 11.7 Headings. The headings used in this Agreement are intended for convenience only and will not be considered part of the written understanding among the Parties and will not affect the construction of this Agreement.

Section 11.8 Independent Contractors. The relationship between Quoin, on the one hand, and the Licensee, on the other hand, is solely that of Licensee and seller. It is expressly agreed that Quoin, on the one hand, and the Licensee, on the other hand, will be independent contractors and that neither the relationship among the Parties nor this Agreement will be construed as creating a partnership, joint venture or agency. Neither Quoin, on the one hand, nor the Licensee, on the other hand, will have the authority to make any statements, representations or commitments of any kind, or to take any action or to incur any liability or obligation which will be binding on the other, without the prior consent of the other Party to do so. All persons employed by a Party will be employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment will be for the account and expense of such Party.

Section 11.9 Waiver. The waiver by either Party of any right hereunder or the failure to perform or of a breach by the other Party will not be deemed a waiver of any other right hereunder or of any other or subsequent breach or failure by said other Party whether of a similar nature or otherwise.

Section 11.10 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.

Section 11.11 No Benefit to Third Parties. The representations, warranties, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties and their successors and permitted assigns, and nothing herein, express or implied, is intended to or will confer upon any person or entity any legal or equitable rights, benefits or remedies, other than to the extent set forth in Sections 10.1 and 10.2.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective representatives thereunto duly authorized, all as of the date first written above.

By: /s/ Hartley Atkinson
Name: Hartley Atkinson
Title: Managing Director

Witnessed
By: /s/ Louise Clayton
Name: Louise Clayton
Title: Director Internal Business

By: /s/ Michael Myers
Name: Michael Myers
Title: CEO

Witnessed
By: /s/ Denise Carter
Name: Denise Carter
Title: Chief Operating Officer

Schedule 1.1

DEFINITIONS

As used in this Agreement, the following terms will have the meanings ascribed to them below:

(a) "Active Pharmaceutical Ingredient" or "API" means the active pharmaceutical ingredient for Product.

(b) "Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(c) "cGMPs" means current good manufacturing practice requirements of the FDA as promulgated under the Federal Food Drug and Cosmetics Act at 21 C.F.R. (parts 11, 210 and 211), and the European Medicines Agency as set forth in Regulation No. 1252/2014 and Commission Directive 91/356/EEC, as amended by Directive 2003/94/EC.

(d) "COA" has the meaning set forth in Section 3.3(b).

(e) "COC" has the meaning set forth in Section 3.3(b).

(f) "Discretionary Manufacturing Change" means change to the Specifications or manufacturing processes that is not a Required Manufacturing Change.

(g) "Extended Term" has the meaning set forth in Section 7.1.

(h) "FDA" means the United States Food and Drug Administration and any successor agency thereto

(i) "Firm Order" has the meaning set forth in Section 3.2.

(j) "Firm Order Period" has the meaning set forth in Section 3.1.

(k) "Force Majeure" has the meaning set forth in Section 8.1.

(l) "Forecast" has the meaning set forth in Section 3.1.

(m) "Forms" has the meaning set forth in Section 12.6.

(n) "Governmental Authority" means any court, tribunal, arbitrator, agency, legislative body, commission, official or other instrumentality of (i) any government of any country, or (ii) a federal, state, province, county, city or other political, administrative or regulatory subdivision thereof; in each case, in the jurisdiction where the Product is manufactured and/or in the Territory.

(o) "Initial Term" has the meaning set forth in Section 7.1.

(p) "Law" means each federal, state, provincial, municipal, local, or foreign law, statute, ordinance, order, determination, judgment, common law, code, rule, official standard, or regulation, enacted, enforced, entered, promulgated, or issued by any Governmental Authority.

(q) "Manufacturing" or "Manufactured" means the manufacture and packaging of Product, including, without limitation, mix, fill and finish.

(r) "Manufacturing Costs" means, with respect to a Product, (x) where Quoin is the actual manufacturer of such Product, the actual cost of manufacturing the Product (expressed on a per unit manufactured basis), which consists of (i) actual direct cost of any raw materials, intermediates, packaging materials and labor utilized in such Manufacturing, (ii) an appropriate share of factory overhead costs allocated to Manufacture of the Product, but excluding any costs related to under-utilized capacity, all calculated in accordance with GAAP, and (iii) any transportation, freight expenses actually incurred by Quoin to ship the material along with any costs paid to third parties with respect to any portion of manufacturing or testing the Product, or (y) where Product is manufactured by any subcontractor for any of the foregoing, the aggregate amount paid to such subcontractor and any other third parties with respect to any portion of manufacturing or testing the Product.

(s) "Party" or "Parties" means Quoin and/or the Licensee, as applicable.

(t) "Person" means any individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, and including and successor, by merger or otherwise, of any of the foregoing.

(u) "Product" means pharmaceutical product QRX003 in finished dosage form for human use.

(v) "Purchase Order Date" has the meaning set forth in Section 3.2(a).

(w) "Licensee" has the meaning set forth in the preamble.

(x) "Licensee Taxes" has the meaning set forth in Section 6.4.

(y) "Licensee Trademark" has the meaning set forth in Section 11.1.

(z) "Quality Agreement" has the meaning set forth in Section 5.6.

(aa) "Regulatory Approval" shall mean the licenses, registrations, clearances, consents, authorizations, and approvals required to have manufactured, store, import, transport, market, promote, sell, place on the market, and distribute the Product (including, without limitation, pricing approvals and labeling approvals) in the Territory, and all amendments thereto or supplements thereof.

(bb) "Required Manufacturing Change" means a change to the Specifications or manufacturing process that is required by a Governmental Authority or applicable Law.

(cc) "Specifications" means the requirements and standards for the manufacture, packaging, storage and shipment of the Product set forth in the Quality Agreement, as amended or supplemented in accordance with this Agreement.

(dd) "Term" has the meaning set forth in Section 7.1.

(ee) "Territory" means Australia and New Zealand.

(ff) "Third Party" means any Person, other than Licensee and its Affiliates, and other than Quoin and its Affiliates.

(gg) "Transfer Price" means the amount to be paid by the Licensee to Quoin pursuant to Section 6.1 and as may be adjusted from time to time pursuant to Section 6.2.

SCHEDULE 6.1
TRANSFER PRICE AND BATCH QUANTITIES

TRANSFER PRICES AND BATCH QUANTITIES FOR DOSAGES AS OF EFFECTIVE DATE:

To be confirmed prior to regulatory submission.

LICENSE AND DISTRIBUTION AGREEMENT

This License and Distribution Agreement (this "**Agreement**"), dated as of November 7, 2021 ("**Effective Date**"), is by and between by and between Quoin Pharmaceuticals, Inc., a Delaware corporation located at 42127 Pleasant Forest Court, Ashburn, VA 20148 ("**Quoin**") and GenPharm, a company incorporated under the laws of the United Arab Emirates located at Al Manara Tower, Office 2805 in Business Bay, Dubai, United Arab Emirates ("**Licensee**"). Quoin and Licensee are sometimes referred to herein individually as a "**Party**," and together as the "**Parties**."

Recitals

WHEREAS, Quoin owns certain Product Technology with respect to the Product (as defined herein).

WHEREAS, subject to Licensee entering into the Supply Agreement (as defined below) Quoin wishes to grant to Licensee, and Licensee desires to accept, an exclusive license under the Product Technology for Licensee to obtain the Regulatory Approvals and Exploit the Product in the Territory, in accordance with the terms and conditions set forth herein.[1]

Intending To Be Legally Bound, in consideration of the foregoing and the mutual agreements contained herein and subject to the satisfaction of the terms and conditions set forth herein, the parties hereto agree as follows:

SECTION 1. Defined Terms

Capitalized terms used in this Agreement and not specifically defined shall have their respective meanings set forth on Exhibit 1 attached hereto, which Exhibit 1 is hereby incorporated into this Agreement and made a part hereof by reference.

SECTION 2. license and exclusivity

2.1 License to Licensee. Subject to the terms and conditions of this Agreement, Quoin hereby grants to Licensee an exclusive (even as to Quoin and its Affiliates) royalty-free license under the Product Technology to Exploit the Product in the Territory, which license shall not be sublicensable except to subdistributors and only with Quoin's prior written consent.

2.2 Retained Rights. Quoin retains all rights to the Product Technology that are not licensed to Licensee hereunder, including the exclusive right to Exploit the Product outside the Territory.

2.3 Non-Competition.

2.3.1. During the Term, Quoin shall not, in any capacity, whether directly, indirectly or through Affiliates, for its own account or for the benefit of any person or Entity, engage in the manufacture, promotion, sale or distribution of the Product for sale in the Territory unless authorized in writing by Licensee; provided, however, that nothing herein shall restrict Quoin from performing its obligations pursuant to this Agreement or the Supply Agreement or from Exploiting the Product outside the Territory.

2.3.2. During the Term and for a period of 12 months after expiration or termination of the Term for any reason, Licensee shall not, in any capacity, whether directly, indirectly or through Affiliates, for its own account or for the benefit of any person or Entity, engage in the development, manufacture, supply, promotion, sale or distribution of a Competing Product for sale in the Territory unless authorized in writing by Quoin.

2.3.3. The Parties hereto agree that any breach by either Party of the covenants and agreements contained in this Section 2.3 may result in irreparable injury to the other Party for which money damages could not adequately compensate it and, therefore, in the event of any such breach, the non-breaching Party shall be entitled (in addition to any other rights and remedies which it or they may have at law or in equity) to seek an injunction from any competent court of equity to enjoin and restrain the breaching Party and any other person or entity involved therein from continuing such breach.

2.3.4. If any portion of the covenants and agreements contained herein, or the application thereof, is construed to be invalid or unenforceable, then the other portions of such covenant(s) or agreement(s) or the application thereof shall not be affected and shall be given full force and effect without regard to the invalid or unenforceable portions. If any covenant or agreement herein is held to be unenforceable because of the area covered, the duration thereof, or the scope thereof, then the court making such determination shall have the power to reduce the area and/or duration and/or limit the scope thereof, and the covenant or agreement shall then be enforceable in its reduced form.

SECTION 3. Regulatory Approval in the Territory

3.1 Licensee shall use Commercially Reasonable Efforts to obtain all required Regulatory Approvals for the Product for the Initial Indication as soon as reasonably possible following the Effective Date.

3.2 Licensee shall be responsible for all aspects of preparing, obtaining, and maintaining throughout the Term the Regulatory Approvals in Quoin's name (where applicable),[2] including setting the overall regulatory strategy therefor and conducting communications with Governmental Authorities. Quoin shall reimburse Licensee for all necessary costs to file for and obtain any required Regulatory Approvals in the Territory, provided that all such costs shall be approved in advance by Quoin. Licensee shall determine what information or documentation may be required to complete any forms or applications necessary to file for the Regulatory Approvals for the Product. Licensee shall notify Quoin if any further development is required in connection with securing the Regulatory Approvals, including any supplemental clinical trials and Quoin will determine whether to proceed or not, at Quoin's expense. Subject to the foregoing, upon request from Licensee, Quoin will provide to Licensee reasonable assistance and information that is in the possession of Quoin as necessary for Licensee to obtain such Regulatory Approvals. Licensee will deliver to Quoin any data or information related to the Product generated for purposes of submission of the Regulatory Approvals, and a copy of the applications for Regulatory Approvals upon submission.

3.3 Licensee shall use Commercially Reasonable Efforts to file for the Regulatory Approvals for the Product for the Initial Indication in each jurisdiction in the Territory within six (6) months following the date of Quoin receiving regulatory approval for such Initial Indication in either the United States or European Union. In the event that Licensee determines that the Data Package is not sufficient to obtain the Regulatory Approvals, and the additional information and documentation required makes it unlikely that the Licensee will be able to file for the Regulatory Approvals within such six-month period, Licensee shall promptly notify Quoin and the Parties will discuss a reasonable timeline for Quoin and Licensee to compile the necessary information and documentation and submit the filings for the Regulatory Approvals.

3.4 If Licensee does not file for the Regulatory Approvals (in a form reasonably likely to be approved) for the Initial Indication with applicable Governmental Authorities in each jurisdiction in the Territory within six (6) months following the date of Quoin receiving regulatory approval in either the United States or the European Union, or such later date as agreed upon by Quoin, Quoin may terminate this Agreement in its entirety or with respect to any jurisdiction[3] in accordance with Section 11.2.2 hereof. If the Regulatory Approvals for the Initial Indication have not been granted by the applicable Governmental Authorities in each jurisdiction in the Territory on or before such date which is 24 months after the date of filing such Regulatory Approvals or such later date as agreed upon by Quoin, Quoin may terminate this Agreement in its entirety or with respect to any jurisdiction in accordance with Section 11.2.2 hereof. Notwithstanding the foregoing, in the event that Product has been ordered under the Supply Agreement for sale on a named patient basis without Regulatory Approvals, Quoin shall not terminate this Agreement with respect to such orders.

3.5 In the event that Quoin obtains regulatory approval for any Additional Indication for the Product in the United States or the European Union, Licensee will use Commercially Reasonable Efforts to obtain, as promptly as practicable (but in any event within 6 months following such approval in the United State or the European Union), any Regulatory Approvals required to permit the Commercialization of the Product in each jurisdiction in the Territory for such Additional Indication. If the Regulatory Approvals for such Additional Indication have not been granted by the applicable Governmental Authorities in the Territory on or before such date which is 24 months after the date of filing such Regulatory Approvals or such later date as agreed upon by Quoin, Licensees rights to the Product for such Additional Indication may be terminated by Quoin in its entirety or with respect to any jurisdiction in accordance with Section 11.2.2 hereof. Such termination will not apply to the Initial Indication or to any subsequent additional Indications for which Licensee obtains approval for in the Territory. Notwithstanding the foregoing, in the event that Product has been ordered under the Supply Agreement for sale on a named patient basis without Regulatory Approvals, Quoin shall not terminate this Agreement with respect to such orders.

SECTION 4. COMMERCIALIZATION

4.1 Launch. So long as the Launch Quantities are delivered in accordance with the terms of the Supply Agreement, Licensee shall provide Quoin with a Launch Plan for the Product in each jurisdiction in the Territory within 6 months following receipt of approval of the Regulatory Approvals for the Initial Indication from the Governmental Authorities in the Territory and will launch the Product in each jurisdiction in the Territory as soon as reasonably possible thereafter. In the event that Licensee does not provide such a Launch Plan for the Product within such time period, Quoin may terminate this Agreement in accordance with Section 11.2.2.

4.2 Commercialization. Licensee shall market, promote, sell, and otherwise commercialize the Product in the Territory during the Term. Licensee shall use Commercially Reasonable Efforts to maximize sales in the Territory. Licensee shall not sell the Product bundled or in combination with any other product without Quoin's prior written consent.

4.3 Sales Efforts.

4.3.1. If, during Year 3 following Launch of the Product in the Territory, the minimum specified quantities specified in the KPI's of the Supply agreement have not been met and Quoin determines in its sole discretion that Licensee is not using Commercially Reasonable Efforts to maximize sales in the Territory (with respect to any criteria in Quoin's discretion, including, without limitation, maintaining Regulatory Approvals, placement of the Product in any formulary, Product treatment with respect to reimbursements and distribution infrastructure), the Parties will meet promptly following notice thereof from Quoin to discuss and approve a plan for Licensee to increase its efforts to market, promote, sell, and otherwise commercialize the Product in the Territory.. If the Parties are unable to reach an agreement with respect to the aforementioned plan in form satisfactory to Quoin, Quoin may terminate this Agreement upon written notice to Licensee.

4.4 Supply. The parties shall negotiate in good faith the terms of a supply agreement (which shall include applicable quality and pharmacovigilance provisions) pursuant to which Quoin will manufacture and supply, or have manufactured and supplied, to Licensee the Product for sale in the Territory during the Term (the "**Supply Agreement**"). Licensee and its affiliates shall purchase all of their requirements for the Product exclusively from Quoin. If the Parties have not entered into a Supply Agreement in form satisfactory to Quoin prior to Licensee obtaining any Regulatory Approval for the initial indication in the Territory, Quoin may terminate this Agreement upon written notice to Licensee.

SECTION 5. Financial Provisions

5.1 Licensee will purchase Product from Quoin pursuant to the terms of the Supply Agreement.

SECTION 6. Intellectual Property

6.1 **Ownership**. The Product Technology shall at all times be and remain the sole property of Quoin subject to the rights granted herein. All Inventions generated, developed, conceived or reduced to practice by Licensee or on the behalf of Licensee related to Di Palmitoyl HydroxyProline and the InvisiCare Technology are hereby assigned to Quoin. Licensee shall execute all documents necessary or reasonably requested to effect the assignment of the entire right, title and interest to such Inventions to Quoin.

6.2 **Product Patents**. Quoin shall have the sole right to enforce the Product Patents in the Territory, and shall retain any damages or other amounts collected in connection therewith. Licensee will not take any actions that would challenge Quoin's ownership in the Product Patents, or contest the validity of the Product Patents. Such actions would be considered a breach of the Agreement.

6.3 **Product Trademarks**. Quoin shall maintain the Product Trademark registration in the Territory throughout the Term. All Product sold by Licensee in the Territory shall bear the Product Trademark and Licensee will commercialize the Product in the Territory under the Product Trademark. Furthermore, Licensee shall only use the Product Trademark in connection with Product supplied by Quoin. The nature and quality of the Product advertised or sold by Licensee on which a Product Trademark appears shall conform to quality standards and the specifications specified by Quoin in the Data Package. Licensee agrees to cooperate with Quoin to enable Quoin to verify the nature and quality of the use of the Product Trademarks and that the use of the Product Trademarks is consistent with the agreed quality standards and specifications. Licensee agrees that in using the Product Trademark in its activities under this Agreement, it will not represent in any way that it has any right or title to the ownership of the Product Trademark or the registration therefor. Licensee shall not use the Product Trademark in any way that would diminish, tarnish, disparage, or damage the goodwill in and to the Product Trademark. When using the Product Trademark, Licensee shall comply with all Applicable Laws. Licensee will not take any actions that would challenge Quoin's ownership in the Product Trademark, or contest the validity of the Product Trademark. Such actions would be considered a breach of the Agreement. All goodwill accruing to the Product Trademark as a result of the use of the Product Trademark shall belong solely to Quoin. Licensee shall provide to Quoin prompt written notice of any actual or threatened infringement of the Product Trademark in the Territory and of any actual or threatened claim that the use of the Product Trademark in the Territory violates the rights of any Third Party, of which Licensee becomes aware. Quoin shall the sole right to such action as Quoin deems necessary against a Third Party based on any alleged, threatened or actual infringement, dilution, misappropriation or other violation of or unfair trade practices or any other like offense relating to, the Product Trademark by a Third Party in the Territory at its sole cost and expense and using counsel of its own choice. Quoin shall retain any damages or other amounts collected in connection therewith.

SECTION 7. REGULATORY

7.1 Throughout the Term, Licensee shall maintain at Quoin's cost and expense the Regulatory Approvals for the Product in full force and effect. Licensee will be responsible for interacting with the relevant Governmental Authorities regarding the Regulatory Approvals. Licensee will provide Quoin with copies of any correspondence with any Governmental Authority regarding the Product or Regulatory Approvals in the Territory within one (1) business day of receipt of such correspondence. Licensee shall notify Quoin in advance of any meetings with or communications with any Governmental Authority related to the Product.

7.2 The Parties' obligations with respect to exchanging and reporting adverse events and other safety information relating to the Product will be set forth in a Pharmacovigilance Agreement, which will be executed by the Parties within 90 days following the Effective Date of this Agreement.

7.3 Licensee will comply with all Applicable Laws in the Exploitation of the Product in the Territory and the performance of its obligations under this Agreement. Licensee will maintain all Permits necessary to perform its obligations hereunder in compliance with all Applicable Laws.

SECTION 8. REPRESENTATIONS AND WARRANTIES

8.1 Quoin Representation and Warranties. Quoin represents and warrants to Licensee that:

8.1.1. it is duly organized and validly existing under the Applicable Law of the jurisdiction of its incorporation, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

8.1.2. it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the Person executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action;

8.1.3. this Agreement is legally binding upon it and enforceable in accordance with its terms and the execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any Applicable Law; and

8.1.4. it has not granted, and shall not grant during the Term, any right to any Third Party which would conflict with the rights granted to Licensee hereunder.

8.2 Licensee Representation and Warranties. Licensee represents and warrants to Quoin that:

8.2.1. it is duly organized and validly existing under the Applicable Law of the jurisdiction of its incorporation, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

8.2.2. it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the Person executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action;

8.2.3. this Agreement is legally binding upon it and enforceable in accordance with its terms and the execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any Applicable Law;

8.2.4. None of Licensee's employees, consultants or contractors: (a) is debarred under Section 306(a) or 306(b) of the Food Drug and Cosmetics Act or by the analogous applicable Laws of any Governmental Authority; (b) has, to Licensee's knowledge, been charged with, or convicted of, any felony or misdemeanor within the ambit of 42 U.S.C. §§ 1320a-7(a), 1320a-7(b)(l)-(3), or pursuant to any analogous applicable Laws, or is proposed for exclusion, or is the subject of exclusion or debarment proceedings by a Governmental Authority; or (c) is excluded, suspended or debarred from participation, or is otherwise ineligible to participate, in any U.S. or non-U.S. healthcare programs, or is excluded, suspended or debarred by any Governmental Authority from participation, or is otherwise ineligible to participate, in any procurement or nonprocurement programs. Without limiting the foregoing, Licensee hereby represents and warrants, and covenants, as the case may be, that as of the Effective Date and throughout the Term of the Agreement, neither it nor any of its officers, directors or Affiliates is or shall be prohibited by any law, rule or regulation or by any order, directive or policy from manufacturing or selling (as the case may be) pharmaceutical products within the Territory.

8.3 No Other Representations and Warranties. EXCEPT FOR THE REPRESENTATIONS OR WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN.

SECTION 9. CONFIDENTIALITY

9.1 At all times during the Term and for a period of ten (10) years following termination or expiration hereof in its entirety, each Party shall and shall cause its officers, directors, employees and agents and sublicensees to, keep confidential and not publish or otherwise disclose to a third party and not use, directly or indirectly, for any purpose, any Proprietary Information furnished or otherwise made known to it, directly or indirectly, by another Party, except to the extent such disclosure or use is expressly permitted by the terms of this Agreement.

9.2 Each Party (the "**Receiving Party**") may disclose Proprietary Information of either of the other Party (each, a "**Disclosing Party**") to the extent that such disclosure is:

9.2.1. made in response to a valid order of a court of competent jurisdiction or other supra-national, federal, national, regional, state, provincial and local governmental or regulatory body of competent jurisdiction or, if in the reasonable opinion of the Receiving Party's legal counsel, such disclosure is otherwise required by law, including by reason of filing with securities regulators; *provided*, *however*, that the Receiving Party shall first have given notice to the Disclosing Party and given the Disclosing Party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment requiring that the Proprietary Information and documents that are the subject of such order be held in confidence by such court or agency or, if disclosed, be used only for the purposes for which the order was issued; and *provided*, *further*, that the Proprietary Information disclosed in response to such court or governmental order shall be limited to that information which is legally required to be disclosed in response to such court or governmental order;

9.2.2. made by or on behalf of the Receiving Party to the Governmental Authorities as required in connection with any filing, application or request for approval of the Regulatory Approvals or other Permit related to the Exploitation of the Product; *provided, however*, that reasonable measures shall be taken to assure confidential treatment of such information to the extent practicable and consistent with Applicable Law; or

9.2.3. made by or on behalf of the Receiving Party to potential or actual investors, acquirers, licensees or sublicensees as may be necessary in connection with their evaluation of such potential or actual investment, acquisition, license or sublicense; *provided, however*, that such persons shall be subject to obligations of confidentiality and non-use with respect to such Proprietary Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this Section 9.2; *provided, further*, that if either Party seeks to disclose the terms of this Agreement to potential investors, acquirers, licensees or sublicensees, the Party seeking to disclose this Agreement must obtain the other Party's prior written consent before disclosing this Agreement (such consent not to be unreasonably withheld, delayed or conditioned).

9.3 No Party shall issue any general press release or make any public statement with respect to this Agreement without the consent of the other Party, except as may be required by Applicable Law or the rules of any applicable stock exchange.

SECTION 10. INDEMNIFICATION

10.1 Quoin's Indemnification. Quoin shall indemnify Licensee and its directors, officers, employees, and agents, and defend and save each of them harmless, from and against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and expenses) (collectively, "**Losses**") incurred in connection with any and all suits, investigations, claims or demands of Third Parties (collectively, "**Third Party Claims**") arising from, relating to, or occurring as a result of: (a) the breach by Quoin of this Agreement; (b) the negligence, gross negligence, or willful misconduct on the part of Quoin or its directors, officers, employees or agents in performing its or their obligations under this Agreement; or (c) any claim of infringement or inducement of infringement of the intellectual property rights of any Third Party resulting from the use of the Product Trademark in the Exploitation of the Product in the Territory; except, in each case ((a), (b) and (c)), for those Losses for which Licensee has an obligation to indemnify Quoin pursuant to Section 10.2 hereof, as to which Losses each Party shall indemnify the other to the extent of their respective liability.

10.2 Licensee's Indemnification. Licensee shall indemnify Quoin and its directors, officers, employees, and agents, and defend and save each of them harmless, from and against any and all Losses incurred in connection with any and all Third Party Claims arising from, relating to, or occurring as a result of: (a) the breach by Licensee of this Agreement; (b) the negligence, gross negligence, or willful misconduct on the part of Licensee or its directors, officers, employees or agents in performing its or their obligations under this Agreement; or (c) the Exploitation of the Product by Licensee in the Territory; except, in each case ((a), (b) and (c)), for those Losses for which Quoin has an obligation to indemnify Licensee pursuant to Section 10.1 hereof, as to which Losses each Party shall indemnify the other to the extent of their respective liability.

10.3 Indemnification Procedures. With respect to each event, occurrence or matter (an "**Indemnification Matter**") as to which Quoin or Licensee, as the case may be (the "**Indemnitee**") is entitled to indemnification from the other Party (the "**Indemnitor**") under this Section 10:

10.3.1. Within ten (10) days after the Indemnitee receives written documents underlying the Indemnification Matter or, if the Indemnification Matter does not involve a third party action, suit, claim or demand, promptly after the Indemnitee first has actual knowledge of the Indemnification Matter, the Indemnitee shall give notice to the Indemnitor of the nature of the Indemnification Matter and the amount demanded or claimed in connection therewith ("**Indemnification Notice**"), together with copies of any such written documents.

10.3.2. If a third party action, suit, claim or demand is involved, then, upon receipt of the Indemnification Notice, the Indemnitor shall, at its expense and through counsel of its choice, promptly assume and have sole control over the litigation, defense or settlement (the "**Defense**") of the Indemnification Matter, except that (i) the Indemnitee may, at its option and expense and through counsel of its choice, participate in (but not control) the Defense; (ii) if the Indemnitee reasonably believes that the handling of the Defense by the Indemnitor may have a material adverse effect on the Indemnitee, its business or financial condition, or its relationship with any customer, prospect, supplier, employee, salesman, consultant, agent or representative, then the Indemnitee may, at its option and expense and through counsel of its choice, assume control of the Defense, provided that the Indemnitor shall be entitled to participate in the Defense at its expense and through counsel of its choice; (iii) the Indemnitor shall not consent to any Judgment, or agree to any settlement, without the Indemnitee's prior written consent; and (iv) if the Indemnitor does not promptly assume control over the Defense or, after doing so, does not continue to prosecute the Defense in good faith, the Indemnitee may, at its option and through counsel of its choice, but at the Indemnitor's expense, assume control over the Defense. In any event, the Indemnitor and the Indemnitee shall fully cooperate with each other in connection with the Defense including by furnishing all available documentary or other evidence as is reasonably requested by the other.

10.3.3. All amounts owed by the Indemnitor to the Indemnitee (if any) shall be paid in full within fifteen (15) business days after a final Judgment (without further right of appeal) determining the amount owed is rendered, or after a final settlement or agreement as to the amount owed is executed.

10.4 Disclaimer of Certain Losses. EXCEPT (i) IN THE EVENT OF THE FRAUD OF A PARTY OR OF A PARTY'S BREACH OF ITS OBLIGATIONS UNDER SECTION 9, (ii) TO THE EXTENT ANY SUCH DAMAGES ARE REQUIRED TO BE PAID TO A THIRD PARTY AS PART OF A CLAIM FOR WHICH A PARTY PROVIDES INDEMNIFICATION UNDER THIS SECTION 10, NEITHER PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE IN CONTRACT, TORT, NEGLIGENCE, BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, REMOTE OR SPECULATIVE DAMAGES OR OTHER DAMAGES (INCLUDING LOST PROFITS) THAT ARE NOT PROBABLE AND REASONABLY FORESEEABLE.

10.6 Insurance. Licensee shall have and maintain such types and amounts of insurance covering its Exploitation of the Product in the Territory as is (i) normal and customary in the pharmaceutical industry generally for parties similarly situated and (ii) otherwise required by applicable Law. Upon request by Quoin, Licensee shall provide to Quoin evidence of its insurance coverage.

SECTION 11. TERM AND TERMINATION

11.1 Term. This Agreement shall commence on the Effective Date and shall continue in effect for 5 years, unless earlier terminated in accordance with this Section 10.

11.2 Early Termination.

11.2.1. The Parties can terminate this Agreement upon mutual written agreement of the Parties.

11.2.2. Quoin can terminate this Agreement pursuant to Section 3.4, Section 3.5, Section 4.1, or 4.3 hereof upon written notice to Licensee.

11.2.3. Each Party shall have the right to terminate this Agreement upon written notice to the other Party if the other Party has materially breached this Agreement and, after receiving written notification from the terminating Party identifying such material breach in reasonable detail, the breaching Party fails to cure such material breach within thirty (30) calendar days from the date of such notice.

11.2.4. Each Party shall have the right to terminate this Agreement upon the filing or institution of any bankruptcy, reorganization, liquidation or receivership proceedings by another Party, or upon the failure by such other Party for more than ninety (90) days to discharge or obtain the dismissal of any such actions filed against it. Such termination shall be effective upon receipt of notice from the Party not involved in such event.

11.3 Effects of Expiration or Termination.

11.3.1. Upon expiration or termination of this Agreement, all rights granted by Quoin to Licensee shall revert to Quoin.

11.3.2. Expiration or termination of this Agreement for any reason shall not release either Party of any obligation or liability which, at the time of such expiration or termination, has already accrued to the other Party or which is attributable to a period prior to such expiration or termination.

11.3.3. Upon expiration or termination of this Agreement for any reason:

(a) Licensee shall, as soon as possible following such termination or expiration, take all actions required and execute all documents required (including any actions or documents requested by Quoin) to transfer the Regulatory Approvals for the Product in the Territory to Quoin or Quoin's designee free and clear of any liens or encumbrances at the earliest possible time following such termination or expiration. Licensee shall promptly deliver to Quoin copies of all Regulatory Documentation related to the Product; and

(b) At Quoin's request and direction, Licensee will continue to perform under the terms of this Agreement until the transfer of the Regulatory Approvals for the Product has been approved by the applicable Governmental Authorities.

11.4 Surviving Obligations. Sections 2.3.2 – 2.3.4, 6.1, 6.2, 9, 10, 11.3.2, 11.3.3, 11.4, and 12 and Exhibit 1 of this Agreement shall survive the termination or expiration of this Agreement for any reason.

SECTION 12. OTHER PROVISIONS

12.1 Fees and Expenses. Subject to the parties indemnification rights, Licensee shall pay all of the fees and expenses incurred by it and Quoin shall pay all of the fees and expenses incurred by Quoin, in negotiating and preparing this Agreement and in consummating the transactions contemplated hereby.

12.2 Notices. Any notices, requests, demands or other communications required or permitted to be sent hereunder shall be delivered personally or by facsimile, sent by overnight or international courier or mailed by registered or certified mail, return receipt requested, to the following addresses, and shall be deemed to have been received on the day of personal delivery or delivery by facsimile, one business day after deposit with an overnight domestic courier or three business days after deposit in the mail:

If to Licensee:	Genpharm Services Fz LLC
	Al manara Tower, office 2805
Attention:	Business Bay, Dubai
	United Arab Emirates
	Attention: Kamel Ghammachi
	Facsimile: +971.4.4227011
	Email: kamel.ghammachi@genpharmservices.com

With a copy to:

If to Quoin:

Attention: Michael Myers, Ph.D
42127 Pleasant Forest Court,
Ashburn, VA 20148

With a copy to:

12.3 Entire Understanding. This Agreement, together with the Exhibits and Schedules hereto, state the entire understanding among the parties with respect to the subject matter hereof, and supersede all prior oral and written communications and agreements, and all contemporaneous oral communications and agreements, with respect to the subject matter hereof including all confidentiality letter agreements and letters of intent previously entered into among some or all of the parties hereto. No amendment or modification of this Agreement shall be effective unless in writing and signed by the party against whom enforcement is sought.

12.4 Assignment. This Agreement shall bind, benefit, and be enforceable by and against Licensee, Quoin, and each of their respective successors and consented-to assigns. No party shall in any manner assign any of such party's rights or obligations under this Agreement without the express prior written consent of the other parties unless to an affiliate.

12.5 Waivers. Except as otherwise expressly provided herein, no waiver with respect to this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, shall constitute a waiver of, or shall preclude any other or further exercise of, any right, power or remedy.

12.6 Severability. If any provision of this Agreement is construed to be invalid, illegal or unenforceable, then the remaining provisions hereof shall not be affected thereby and shall be enforceable without regard thereto.

12.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original hereof, and it shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart hereof.

12.8 Section Headings. Section and subsection headings in this Agreement are for convenience of reference only, do not constitute a part of this Agreement, and shall not affect its interpretation.

12.9 References. All words used in this Agreement shall be construed to be of such number and gender as the context requires or permits.

12.10 Controlling Law. **THIS AGREEMENT IS MADE UNDER, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF New York, UNITED STATES OF AMERICA, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED SOLELY THEREIN, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.**

12.11 Arbitration. If a matter cannot be resolved by the Parties, any said dispute shall be submitted to binding arbitration for final decision, and only through binding arbitration. Any such arbitration shall be held in New York, New York, in the English language in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce (the "**ICC Rules**"), except where those rules conflict with this Section 12.11, in which case this Section 12.11 controls. Unless otherwise agreed by the Parties, the tribunal shall be comprised of three (3) arbitrators; each Party shall nominate one arbitrator and the two Party-nominated arbitrators shall nominate the third arbitrator. The arbitrators shall decide the merits of any dispute in accordance with the law governing this Agreement, without application of any principle of conflict of laws that would result in reference to a different law. Judgment upon the award rendered by the arbitrators may be entered or enforced in any court having jurisdiction thereof. The decision of the arbitrators shall be final and binding on the Parties and shall be accompanied by a written opinion of the arbitrators explaining the arbitrators' rationale for their decision. Unless otherwise agreed by the Parties in writing, the Party losing the arbitration shall pay all fees and costs of the arbitrators and the ICC, but each Party shall bear its own attorney and expert fees. The Parties agree that, notwithstanding any provision of Applicable Law, they will not request, and the arbitrators shall have no authority to award, punitive or exemplary damages against either Party. Pending the selection of the arbitrators or pending the arbitrators' determination of the merits of any dispute, either Party may seek appropriate interim or provisional relief from any court of competent jurisdiction as necessary to protect the rights or property of that Party. The intent of the Parties is that except for seeking appropriate interim or provisional relief or the entering of an arbitration order in a court of competent jurisdiction, disputes shall be resolved finally in arbitration as provided above, without appeal, and without recourse to litigation in the courts. The Parties acknowledge that the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") applies to this Agreement and to any arbitral award or order resulting from any arbitration concluded hereunder. The award may be made a judgment of a court of competent jurisdiction.

12.12 No Third-Party Beneficiaries. No provision of this Agreement is intended to or shall be construed to grant or confer any right to enforce this Agreement, or any remedy for breach of this Agreement, to or upon any Person other than the parties hereto including any customer, prospect, supplier, employee, contractor, salesman, agent or representative of the Quoin.

12.13 Neutral Construction. In view of the fact that each of the parties hereto have been represented by their own counsel and this Agreement has been fully negotiated by all parties, the legal principle that ambiguities in a document are construed against the draftsperson of that document shall not apply to this Agreement.

12.14 Costs in Event of Breach. In the event that either party hereto breaches this Agreement, the non-breaching party shall be entitled to reimbursement of all costs and expenses associated with enforcing such non-breaching parties rights and remedies under this Agreement, including but not limited to legal fees and costs of litigation.

[Signature page follows]

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

By: /s/ Michael Myers
Name: Michael Myers
Title: CEO

By: /s/ Kamel Ghammachi
Name: Kamel Ghammachi
Title: Chairman

[Signature page to License and Distribution Agreement]

EXHIBIT 1

DEFINED TERMS

"Additional Indication" means any indication other than the Initial Indication.

"Applicable Law" means all applicable Laws, rules, and regulations of any Governmental Authority pertaining to the development, manufacture, packaging, labeling, storage, import, export, distribution, marketing, sale and/or intended use of the Product in the Territory and the activities of either Party in performing any covenants under this Agreement.

"***Commercially Reasonable Efforts***" means the carrying out of such obligations or tasks with a level of effort and resources consistent with commercially reasonable practices normally devoted by a pharmaceutical company based on conditions then prevailing including issues of safety and efficacy, product profile, competitiveness of alternative products in the market place, pricing and reimbursement for the Product, the likely timing of the Product's entry into the market and other relevant technical and commercial factors.

"***Commercialize***" or "***Commercialization***" means the marketing, promotion, sale (and offer for sale or contract to sell), distribution, manufacturing or having manufactured, importation or other commercial exploitation of the Product.

"***Competing Product***" means any product that is approved as a drug for the treatment of the same indication for which the Product is approved and is directly competitive with the Product.

"Control" means, with respect to any particular Intangible, possession by the Party granting the applicable right, license, access or release to the other Party as provided herein of the power and authority, whether arising by ownership, license, or other authorization, to disclose and deliver the particular Intangible to the other Party, and to grant and authorize under such Intangible the right, license, access or release, as applicable, of the scope granted to such other Party in this Agreement without giving rise to any violation of the terms of any written agreement with any Third Party existing at the time such disclosure is first made or such right, license, access or release first comes into effect hereunder. "**Controlled**" and "**Controlling**" have their correlative meanings.

"Data Package" means the documentation containing information regarding the Product and the processes, techniques, studies, and data in connection with the Product and documentation for the Product, as prepared for Quoin to obtain approval of the marketing authorization for the Product in the United States and Europe.

"Entity" means any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), firm, society or other enterprise, association, organization or entity.

*"**Exploit**"* means to develop, have developed, import, warehouse, release, distribute, sell, offer for sale, commercialize, register, manufacture, have manufactured, hold or keep (whether for disposal or otherwise), use, have used, import, export, transport, distribute, or otherwise dispose of. "Exploitation" means the act of Exploiting a product.

"Governmental Authority" means any: (a) nation, principality, republic, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature, and any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or Entity and any court or other tribunal); (d) multi-national organization or body; or (e) individual, Entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

"Including" means including but not limited to.

"Initial Indication" means the treatment of Netherton Syndrome in humans in the Territory.

"Intangible" means any and all of the following and any and all rights and interests in, arising out of, or associated therewith, throughout the world: (a) all Inventions (whether patentable or not), (b) all Know-How (c) all Product Patents; (d) the Product Trademark; (e) Proprietary Information, (f) all logos, symbols, trade dress, and slogans, and all goodwill associated therewith and/or symbolized thereby; (g) all databases and data collections and all rights therein; (h) all moral, integrity, paternity, and economic rights of authors and inventors, however denominated; and (i) any similar or equivalent rights to any of the foregoing, including any intangible asset of any nature, whether or not in use, under development or design, or inactive.

*"**Inventions**"* means any inventions and/or discoveries, including information, processes, methods, assays, designs, protocols, and formulas, and improvements or modifications thereof, patentable or otherwise, that are generated, developed, conceived or reduced to practice by or on behalf of a Party or their respective sublicensees pursuant to activities conducted under this Agreement or otherwise with respect to the Product, in each case including all rights, title and interest in and to the intellectual property rights therein and thereto.

"Judgment" means any order, writ, injunction, citation, award, decree or other judgment of any nature of any Governmental Authority.

"***Know-How***" means with respect to the Product all of the following: manufacturing protocols and methods, product specifications, analytical methods and assays, processes, formulations, product designs, plans, trade secrets, ideas, concepts, manufacturing information, engineering and other manuals and drawings, standard operating procedures, flow diagrams, chemical data, pharmacological data, pharmacokinetic data, toxicological data, pharmaceutical data, physical and analytical data, safety data, quality assurance data, quality control and clinical data, technical information, other data, and research records.

"Launch" means the date of the first arms-length sale for monetary value of the Product for use or consumption by the end user following receipt of the Regulatory Approvals.

"Law" means any provision of any foreign, federal, state or local law, statute, ordinance, charter, constitution, treaty, code, rule, regulation or guideline, including common law.

*"**Patents**"* means: (i) all national, regional and international patents and patent applications, including provisional patent applications; (ii) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from either of the foregoing, including divisionals, continuations, continuations-in-part, provisionals, and converted provisionals; (iii) any and all patents that have issued or in the future issue from the foregoing patent applications ((i) and (ii)), including utility models, petty patents, innovation patents and design patents and certificates of invention; (iv) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((i), (ii) and (iii)); and (v) any similar rights, including so-called pipeline protection or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any of such foregoing patent applications and patents.

"Permit" means any license, permit, approval, certification, waiver, order, authorization, right or privilege of any nature, granted, issued, approved or allowed by any Governmental Authority.

"Person" means any individual, Entity or Governmental Authority.

"Pricing Approval" means any and all pricing and Third Party reimbursement approvals necessary to commercialize the Product in the Territory.

"Product" means pharmaceutical product QRX003 in finished dosage form for human use.

"Product Patents" means any Patent Controlled or owned by Quoin in the Territory that, absent the license in Section 2.1, would be infringed by the importation, sale, or use of the Product in the Territory by a third party.

"Product Trademark" means ***[To be provided]***

"Product Technology" means all Intangibles owned or Controlled by Quoin and necessary for the Exploitation of the Product in the Territory, including, without limitation, the Data Package and the Product Trademark.

"Proprietary Information" means all financial information, marketing information, sales information, customer information, raw materials, Know-How, drawings, compositions, manufacturing and other specifications, analytical procedures, flow sheets, reports, market studies, preclinical and clinical test results, regulatory submissions, software and other medical, research, technical, and marketing information disclosed, directly or indirectly, by a Party to any other Party, information designated "Confidential," "Proprietary" or the like, or information that by its nature is information normally intended to be held in confidence. Proprietary will not include information (a) in the public domain at the time of disclosure, (b) published or otherwise part of the public domain after disclosure other than by breach of this Agreement by the receiving party, (c) already known by the receiving party at the time of disclosure and not acquired, directly or indirectly, from the disclosing party or anyone on behalf of the disclosing party, provided that the source of such information was not known by the receiving party or any of its representatives to be bound by a confidentiality agreement with respect to such information, and such prior knowledge is properly demonstrated by the receiving party's written records, or (d) lawfully provided to the receiving party by a third party who did not require the receiving party to hold the same in confidence and who did not acquire such information, directly or indirectly, from the disclosing party or anyone on behalf of the disclosing party as demonstrated by the receiving party's written records. For clarity, the Data Package and the Product Technology shall be considered Proprietary Information of Quoin.

"Regulatory Approvals" shall mean the licenses, registrations, clearances, consents, authorizations, and approvals required to have manufactured, store, import, transport, market, promote, sell, place on the market, and distribute the Product (including, without limitation, Pricing Approvals and labeling approvals) in the Territory, and all amendments thereto or supplements thereof.

"Regulatory Documentation" means all (a) regulatory filings and supporting documents, chemistry, manufacturing and controls data and documentation (including, but not limited to, batch records, master batch production records, standard operating procedures relevant to the Product, testing logs, sample logs, laboratory logs, and stability logs), preclinical and clinical studies and tests, (b) records maintained under record keeping or reporting requirements of any Governmental Authority with respect to the Product, the Regulatory Approvals, or any other Permit related to the Exploitation of the Product, (c) the complete complaint, adverse event and medical inquiry filings with respect to the Product, (d) all documentation relating to any Governmental Authority inspections relating to the Product and any communication with any Governmental Authority relating to the Product, the Regulatory Approvals, or any Permit related to the Exploitation of the Product, including correspondence and minutes of telephone calls or meetings.

"Specifications" means the standards, instructions, and specifications applicable to the manufacture and supply of the Product as set forth in the marketing authorization for the Product.

"Tax" means (a) any foreign, federal, state or local income, earnings, profits, gross receipts, franchise, capital stock, net worth, sales, use, value added, occupancy, general property, real property, personal property, intangible property, transfer, fuel, excise, payroll, withholding, workers compensation, unemployment compensation, social security, retirement, escheat, unclaimed property or other tax of any nature; (b) any foreign, federal, state or local organization fee, qualification fee, annual report fee, filing fee, occupation fee, assessment, sewer rent or other fee or charges of any nature; or (c) any deficiency, interest or penalty imposed with respect to any of the foregoing.

"Territory" means Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, United Arab Emirates, and Yemen.

"Third Parties" means any Person other than Licensee, Quoin, any of their respective affiliates or any of their respective successors or assigns.

SUPPLY AGREEMENT

This Supply Agreement (this "Agreement"), dated as of November 7, 2021 ("Effective Date"), is by and between by and between Quoin Pharmaceuticals, Inc., a Delaware corporation located at 42127 Pleasant Forest Court, Ashburn, VA 20148 ("Quoin") and Genpharm Services FZ LLC, a company incorporated under the laws of the United Arab Emirates located at Al-Manara Tower, Business Bay, Dubai ("Licensee"). Quoin and Licensee are sometimes referred to herein individually as a "Party," and together as the "Parties."

WITNESSETH:

WHEREAS, Quoin and Licensee are parties to that certain License and Distribution Agreement, dated as of the date hereof ("License Agreement"), pursuant to which Quoin granted to Licensee an exclusive license under the Product Technology for Licensee to obtain the Regulatory Approvals and Exploit the Product in the Territory, subject to the terms of the License Agreement;

WHEREAS, Section 4.4 of the License Agreement provides that the Parties shall enter into a commercial supply agreement pursuant to which Quoin will manufacture and supply, or have manufactured and supplied, to Licensee the Product for sale in the Territory; and

WHEREAS, the Parties now desire to enter into this Supply Agreement to establish the terms and conditions under which Quoin will have the Product manufactured and supplied to Licensee for sale in the Territory.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Agreement have the meanings specified in Schedule 1 to this Agreement. As used herein the words "including" or "includes" shall be deemed to mean "including, without limitation," or "includes, without limitation."

ARTICLE II

MANUFACTURE AND SALE OF PRODUCT

Section 2.1 Engagement. During the Term and upon the terms and subject to the conditions set forth herein, Quoin agrees that it will manufacture and supply the Product to Licensee, and, in turn, Licensee agrees that it will exclusively purchase one hundred percent (100%) of the Licensee's requirements of the Product from Quoin for commercialization solely within the Territory. Quoin shall have the right to subcontract its obligations under this Agreement to a third party (it being agreed that wherever Quoin makes a commitment under this Agreement with respect to the manufacture and supply of Product, such obligation shall be deemed satisfied if performed by such subcontractor).

Section 2.2 Sale and Distribution. The Licensee will sell the Product only in the Territory and will not directly or indirectly sell or otherwise distribute the Product outside of the Territory.

Section 2.3 Packaging and Labeling. The Licensee will be responsible for ensuring the accuracy of all information contained in the labels or labeling for Product and the compliance of all such labels and labeling with applicable Law and the Regulatory Approvals. Licensee will approve all artwork and labeling information necessary for the packaging and labeling of the Product. Quoin will, or will cause its contractors to, supply all packaging and labels for Product under this Agreement. Such packaging and labels will be in accordance with the Specifications. Quoin will make any changes to labeling and packaging Specifications required in writing by the Licensee, at its sole cost and expense (including the cost of any obsolete labeling inventory), within a reasonable timeframe to be agreed upon in writing by both Parties. The Licensee will be responsible for submitting any such changes to all applicable Governmental Authorities for approval.

Section 2.4 Facility Maintenance; Inspection; Reports.

(a) Quoin shall, at all times, maintain and operate, or cause its contractors to maintain and operate, all facilities where Product is manufactured, packaged, tested, stored, warehoused or shipped in compliance with cGMP. Not more than once every twelve (12) months, Quoin shall permit, or cause its contractors to permit, quality assurance representatives of the Licensee or designated third parties (subject to appropriate confidentiality obligations) to inspect such facilities, operations, documents, and records directly related to the handling, manufacture, testing, inspection, packaging, storage, disposal and transportation of the Product by Quoin or the applicable contractor upon reasonable notice (which shall not be less than ten (10) days), during normal business hours and on a confidential basis. Quoin shall also permit, and cause its contractors to permit, representatives of the applicable Governmental Authority to inspect such facilities as requested by the such Governmental Authority.

(b) Quoin shall maintain adequate and accurate records consistent with the applicable Specifications, including records covering quality control testing and release of the Product and all other manufacturing services provided hereunder in material compliance with cGMP.

(c) Quoin shall notify Licensee as soon as reasonably practicable and in any event within five (5) business days following receipt of notice of any Governmental Authority inspection of the manufacturing facility if such inspection pertains to the Product.

Section 2.5 Adverse Events. Prior to the launch of Product the Parties shall each assign a representative to negotiate in good faith and agree on a process and procedure for sharing adverse event information which shall be documented in a safety data exchange (SDEA) agreement which the Parties shall use commercially reasonable efforts to agree upon and execute prior to commercialization of the Product.

ARTICLE III

FORECASTS, ORDERS AND SHIPMENT

Section 3.1 Forecasts. In order to assist in the planning of production runs for the Product, the Licensee will, at least one hundred and eighty (180) days prior to the commercial Launch of the Product in the Territory, provide Quoin with a non-binding written forecast of estimated quantities of Product that the Licensee anticipates ordering from Quoin during the next eighteen (18) month period (the "Forecast"). This initial Forecast will be updated at least five (5) business days before the first day of the following calendar quarter after the date hereof and each successive calendar quarter and each such updated Forecast will be promptly delivered to Quoin by the Licensee. The first three (3) months of each such Forecast (the "Firm Order Period") shall be binding on Licensee. The remaining fifteen (15) months of each such forecast shall be non-binding estimates for planning purposes. No Forecast shall be required for any period of time that extends beyond the Term (as in effect at the time of such Forecast). The Licensee will forecast in amounts comprising full batch and in multiples of batch quantities, as such quantities are set forth on Schedule 6.1. Each Forecast will be made by the Licensee in good faith, taking into account reasonable projections of demand for the Product including, without limitation, allowing for reasonable safety stock of finished Product.

Section 3.2 Orders.

(a) The Licensee will place firm purchase orders ("Firm Orders") for Product in writing for delivery in line with the agreed upon prices and delivery terms. A Firm Order shall only be deemed binding on Quoin upon acceptance in writing by Quoin provided that Quoin shall accept or reject each Firm Order in writing within seven (7) Business Days after Quoin's receipt of each valid order which shall require that such order meets the requirements specified below. Each Firm Order will specify the quantity and description of each Product ordered, the requested delivery date (which delivery dates will not be on a Saturday, Sunday or holiday), the delivery address, the transportation method and carrier and any special instructions requested. During NPS phase, there will not be any minimum order quantity. After Regulatory Approval is obtained, the minimum size of any order placed by the Licensee will be in accordance with Schedule 6.1 that defines the minimum order quantity. The Product set forth in Firm Orders will be delivered to such location as the Licensee designates in writing to Quoin in the Firm Order. The date an order will be deemed placed (the "Firm Order Date") will be the date that Quoin actually receives the Firm Order form. The Licensee will be fully responsible for any changes to a Firm Order. Orders will be deemed accepted by Quoin unless Quoin provides notification of rejection to the Licensee within seven (7) Business Days of receipt of the Firm Order.

(b) Quoin will use its commercially reasonable efforts to supply the Product in accordance with each Firm Order placed pursuant to the terms of this Agreement by the Licensee to the extent accepted by Quoin including the quantities and delivery dates in each Firm Order. Each Firm Order will set forth a delivery date, not less than ninety (90) days after the date of such order.

(c) In the event that at any time Quoin foresees that it will be unable to supply to Licensee (or its nominee) in whole or in part an ordered or forecasted quantity of Product by the delivery date for any reason, including a Force Majeure event, Quoin shall notify Licensee of such inability as soon as possible, the reasons therefor and the date such inability is expected to end, the quantities of Product available during such period and the proposed amount of the raw materials and/or resources prioritized to Licensee in the event such inability is caused by a shortage of raw materials and/or resources required for the Manufacture of Product. Quoin will be responsible for the cost of any penalties imposed in the ordinary course by any Governmental Authority as a result of a failure by Quoin to supply Product by the delivery date set forth in any Firm Order. Licensee shall cooperate with Quoin and use commercially reasonable efforts to mitigate the amount of any such penalties.

(d) Quoin shall deliver the Product to Licensee with at least 75% (seventy five percent) of remaining shelf life at the shipment date in accordance with Section 3.2(b).

(e) The terms of this Agreement shall prevail over any conflicting, inconsistent or additional terms set forth in any Firm Order, invoice, or acceptance form.

Section 3.3 Delivery.

(a) Except for shipments to the Kingdom of Saudi Arabia, all Product shipped under this Agreement will be shipped FOB the facility where the Product is manufactured. The Licensee shall make necessary arrangements to pick up the shipment and will pay all freight, insurance charges, taxes, import and export duties, inspection fees and other charges applicable to the sale and transport of Product purchased by the Licensee. Title and risk of loss and damages to Product purchased by the Licensee will pass to the Licensee upon pickup of the Product by the Licensee's carrier at the facility of manufacture. In the event of damage or loss to the Product after delivery, the Licensee will be responsible to file claims with the carrier. Notwithstanding the foregoing, for shipments to the Kingdom of Saudi Arabia, delivery will be CIF (Incoterms 2010) to the port of destination specified by Licensee, with an invoice issued by Quoin for customs clearance purposes. Quoin shall notify Licensee of the following information concurrently with each shipment of Product: (i) date of shipment, (ii) quantity and type of Product shipped, and (iii) order number or other identifying information.

(b Quoin shall perform quality assurance testing with respect to the Product sold hereunder, including stability testing, so that the Product conforms with the Specifications. Quoin shall provide Licensee with a Certificate of Analysis ("COA") and a Certificate of Compliance ("COC") confirming that the Product in such shipment has been tested in accordance with the Regulatory Approval and meets the Specifications via facsimile transmission. Any deviations and investigations related to such Product shall be completed in compliance with applicable Regulatory Approval and the Quality Agreement (as defined in Section 5.5 hereof).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Quoin. Quoin hereby represents and warrants to the Licensee as follows:

(a) Product Compliance. All Product delivered pursuant to this Agreement by Quoin (or any sub-contractor thereof) to the Licensee or its designee during the Term will at shipment be in compliance in all material respects with this Agreement, the Specifications and the Quality Agreement. At the time Quoin makes each shipment of Product available for pick-up by Licensee (or Licensee's carrier), the Product shall be free of any lien or other encumbrance.

(b) Authorization. This Agreement has been duly executed and delivered by Quoin and, assuming due execution and delivery by the Licensee, constitutes a valid and binding obligation, enforceable against Quoin in accordance with its terms, except as enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other laws relating to creditors' rights generally and by general equitable principles. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of Quoin and its respective officers and directors.

(c) Absence of Conflicts. The execution, delivery and performance of this Agreement by Quoin does not conflict with or constitute a default under any agreement, instrument or understanding, oral or written to which it is a party or by which it may be bound, does not conflict with any provision of any of its organizational documents and does not conflict with or violate any applicable Law or court order or decree.

(d) Organization and Standing. Quoin is a corporation, duly organized, validly existing and in good standing under the laws of Delaware.

(e) Power and Authority. Quoin has the corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(f) Compliance With Law. Quoin has and will maintain throughout the Term of this Agreement all permits, licenses, registrations and other forms of governmental authorization and approval as required in order for Quoin to execute and deliver this Agreement and to perform its obligations hereunder.

(g) No Debarment. Quoin is not debarred and has not and will not use in any capacity the services of any person debarred under subsection 306(a) or (b) of the Generic Drug Enforcement Act of 1992. If at any time this representation and warranty is no longer accurate, Quoin shall promptly notify Licensee of such fact.

Section 4.2 Representations and Warranties of the Licensee. The Licensee hereby represents and warrants to Quoin as follows:

(a) Authorization. This Agreement has been duly executed and delivered by the Licensee and, assuming due execution and delivery by Quoin, constitutes a valid and binding obligation, enforceable against the Licensee in accordance with its terms, except as enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other laws relating to creditors' rights generally and by general equitable principles. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Licensee and its respective officers and directors.

(b) Absence of Conflicts. The execution, delivery and performance of this Supply Agreement by the Licensee does not conflict with or constitute a default under any agreement, instrument or understanding, oral or written to which it is a party or by which it may be bound, does not conflict with any provision of any organizational documents of the Licensee and does not conflict with or violate any applicable Law or court order or decree.

(c) Organization and Standing. The Licensee is a corporation, duly organized, validly existing and in good standing under the laws of the United Arab Emirates.

(d) Power and Authority. The Licensee has the corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(e) Product Compliance in the Territory. Product delivered by Quoin in accordance with this Agreement is and shall be during the Term consistent in all respects with all Laws applicable to the manufacture, import, sale, use, storage and commercialization of the Product in the Territory.

Section 4.3 Disclaimer. THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT ARE THE PARTIES' ONLY WARRANTIES AND NO OTHER WARRANTY, EXPRESS, IMPLIED OR STATUTORY, WILL APPLY. EACH PARTY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FOR THE AVOIDANCE OF DOUBT, EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF NON-INFRINGEMENT THAT ARE NOT EXPRESSLY SET FORTH IN THIS AGREEMENT.

ARTICLE V

QUALITY ASSURANCE

Section 5.1 Quoin's Covenants. Quoin hereby covenants during the Term that it will:

(a) manufacture, fill, package, test, handle, store, warehouse and ship the Product in conformity with this Agreement, Quality Agreement (subject to Section 5.5 of this Agreement) and the Specifications;

(b) promptly (but in any event no later than five (5) Business Days after becoming aware) inform Licensee of any adverse events related to the Product and any inspections, communications, or material issues raised by the FDA in connection with the Manufacturing of the Product, and shall provide Licensee with copies of any correspondence (including emails) relating thereto;

(c) obtain and maintain all permits reasonably necessary to manufacture and supply Product in accordance with this Agreement; and

(d) if Quoin becomes aware of any Product supplied to Licensee hereunder that have not been manufactured in accordance with the Specifications, promptly inform Licensee in writing.

Section 5.2 The Licensee's Covenants. The Licensee hereby covenants during the Term that it will:

(a) hold, store, handle, ship, deliver, distribute, offer for sale, and/or sell the Product in accordance with applicable Law and the terms of the License Agreement, and in compliance with the Specifications;

(b) except as set forth herein or in the Quality Agreement between the Parties, upon delivery of the Product to the Licensee, the Licensee will be solely responsible for compliance with all quality control testing and other testing requirements set forth in this Agreement and, further, all applicable Law with respect to the manufacture, import, sale, use, storage and commercialization of the Product in the Territory;

(c) where appropriate maintain the Regulatory Approvals for the Product in full force and effect throughout the Term.

Section 5.3 Rejection of Delivered Product. Within thirty (30) days of receipt of any shipment of Product and applicable COA and COC by the Licensee at its applicable warehouse, the Licensee will inspect the Product, COA and COC and advise Quoin of any defect revealed from such inspection whereby the Product does not conform to the Specifications. Any Product not refused within thirty (30) days will be deemed accepted. If the Licensee wishes to refuse acceptance, the Licensee will, within such 30-day period, provide written notice to Quoin of its refusal to accept the defective Product and the reason(s) therefor. In the event a hidden defect (i.e., one which could not have been reasonably identified during the initial 30-day Licensee inspection period) is discovered at a later date whereby the Product does not conform to the Specifications, the Licensee shall inform Quoin within fifteen (15) days after Licensee becomes aware of the alleged hidden defect. In the event that the Licensee refuses acceptance or rejects the Product due to a hidden defect, Quoin, upon confirmation of the reasons for refusal or rejection of the Product, will replace within ninety (90) days or as soon as reasonably practicable the defective Product at Quoin's sole cost and expense (including the cost of shipping) or refund the Transfer Price and reimburse the shipping expense, at the Licensee's option. If Quoin and the Licensee do not agree on the refusal or rejection of Product, then either Party may refer the matter for final analysis to a specialized laboratory of national reputation acceptable to both Parties for the purpose of determining the results. Any determination by such laboratory will be final and binding upon the Parties. The cost of any such review by a laboratory shall be borne by the Licensee if it is determined that the Product conforms to the Specifications, and by Quoin if determined that it does not. Except as set out in this Section 5.3 and Section 10.1, Quoin shall have no liability to Licensee for any defect for which it has not received notice from the Licensee as specified herein.

Section 5.4 Recall. Licensee, in consultation with Quoin, shall have the exclusive right to institute a recall and shall be responsible for managing the recall and communications with customers and Governmental Authorities. The Parties shall cooperate with each other in connection with any such efforts. In the event that any Product is quarantined or recalled by Licensee, or is subject to stop-sale action, whether voluntary or by governmental action, it is agreed and understood that any reasonable and documented expenses, including any out-of-pocket administrative costs and reasonable and documented fees of any experts or attorneys that may be utilized by either Party, government fines or penalties, related to such recall, quarantine or stop-sale, will be borne by the Licensee unless it is determined that the reason for the quarantine, recall or stop-sale action is solely the result of the failure by Quoin to manufacture and supply (or have manufactured and supplied) Product that meets the Specifications therefor under this Agreement, and in such case such expenses will be the responsibility of Quoin. If the Parties do not mutually agree on which Party is responsible for the recall or other field action, the responsibility for the recall or field action shall be determined by a mutually acceptable independent qualified third party whose fees shall be shared equally by the Parties.

Section 5.5 Quality Procedures. Quoin and Licensee shall comply with the terms of the quality requirements set forth in a quality agreement to be negotiated in good faith by the Parties and entered into by the Parties as soon as practicable after the date hereof (the "Quality Agreement") with respect to the manufacture of the Product. To the extent that any inconsistencies or conflicts exist between the Quality Agreement and this Agreement with regard to quality requirements and compliance with applicable Law, the provisions in this Agreement shall prevail.

Section 5.6 Manufacturing Changes.

(a) Licensee may unilaterally and in its sole discretion make one or more Required Manufacturing Changes by giving written notice thereof to Quoin, whereupon the Parties shall cooperate in implementing such Required Manufacturing Changes as promptly as reasonably practicable. Licensee may request one or more Discretionary Manufacturing Changes by giving at least ninety (90) days written notice thereof to Quoin, whereupon if Quoin accepts the requested Discretionary Manufacturing Changes (such acceptance not to be unreasonably withheld or delayed), the Parties shall cooperate in implementing such Discretionary Manufacturing Changes as promptly as reasonably practicable. Quoin shall promptly provide to Licensee Quoin's good faith and detailed estimate of the actual and reasonable costs that will be incurred by Quoin resulting directly from any such Required or Discretionary Manufacturing Changes, including the cost of any obsolete inventory resulting from the changes. All such reasonable and documented costs shall be borne by Licensee.

(b) Quoin shall not in any respect amend, modify or supplement the Specifications or the manufacturing process or any materials or sources of materials used in connection with manufacturing the Product without the prior written consent of Licensee. Quoin may request or recommend one or more Discretionary Manufacturing Changes by giving at least ninety (90) days written notice thereof to Licensee and shall provide Licensee with appropriate documentation relating to any such changes to the Specifications or manufacturing process. If Licensee approves any such Discretionary Manufacturing Change, Quoin may implement such change in accordance with the specifications provided by Quoin to Licensee. All costs arising out of any Discretionary Manufacturing Changes requested by Quoin shall be borne by Quoin.

ARTICLE VI

PRICE AND PAYMENTS

Section 6.1 Prices. The price payable by the Licensee for Product will be the prices agreed to by Quoin and Licensee during NPS as well as Post Regulatory approval is obtained in the territory. (the "Transfer Price").

Section 6.2 Any additional costs such as stability costs, scale-up expenses, and additional analytical or testing expenses that may be specifically incurred at the request of Licensee or as required for the Manufacture of the Product in accordance with the Specifications and/or cGMP compliance in the Territory will not be charged to the Licensee

Section 6.3 Adjustment. Quoin shall be permitted to increase the Transfer Price of Product to the extent of any documented actual increase in the Manufacturing Costs.

Section 6.4 Invoices. Quoin will send all invoices in respect of any Product to a single address specified in writing by the Licensee to Quoin following the date that such Product subject to any Firm Order shall have been made available to the Licensee under Section 3.3(a). Payments for Product sold hereunder will be made by the Licensee to Quoin within one hundred twenty (120) days for all countries except KSA for which it will be one hundred fifty (150) days after the date of the invoice by electronic funds transmission in United States dollars as specified in any invoice, without any offset or deduction of any nature whatsoever. All payments will be made to such account as Quoin will have specified in writing to the Licensee with written confirmation of payment sent by email or facsimile to such address as Quoin will have specified in writing to the Licensee. Licensee shall advise Quoin within ten (10) calendar days of any disputed invoice. If the Licensee fails to pay any undisputed invoiced amount when due, a service charge will be imposed by Quoin equal to the lesser of one percent (1%) per month or the highest rate permitted by law of the outstanding amount for each month or portion thereof that such undisputed amount is overdue.

Section 6.5 Taxes, etc. The Licensee will bear the cost of any taxes, levies, duties or fees of any kind, nature or description whatsoever applicable to the import, sale, transportation, and Exploitation of the Product in the Territory ("Licensee Taxes"). Quoin shall be responsible for any taxes imposed on Quoin in the United States.

Section 6.6 Separate Sale. Each shipment of Product to the Licensee will constitute a separate sale, obligating the Licensee to pay therefor, whether said shipment is in whole or only partial fulfillment of any order or confirmation issued in connection therewith.

Section 6.7 Deductions. Except as otherwise required by applicable law, the Licensee agrees not to make any deductions of any kind from any payments becoming due to Quoin unless the Licensee will have received prior written authorization from Quoin authorizing such deduction.

ARTICLE VII

TERM AND TERMINATION

Section 7.1 Term. The provisions of this Agreement will commence on the date hereof and will expire in 5 years from the Effective Date, unless earlier terminated in accordance with this Article VII (the "Initial Term"). This Agreement may be extended for an additional one (1) year term at least ninety (90) days prior to the end of the Initial Term, subject to a mutually agreed upon price increase at the time of the extension, (the "Extended Term" and together with the Initial Term, the "Term").

Section 7.2 Termination. Either Quoin, on the one hand, or the Licensee, on the other hand, as applicable, will have the right to terminate this Agreement with immediate effect (except as otherwise stated below) upon written notice to the other upon the occurrence of the following:

(a) Quoin, on the one hand, or the Licensee, on the other hand, files a petition in bankruptcy, or enters into an agreement with its creditors, or applies for or consents to the appointment of a receiver or trustee, or makes an assignment for the benefit of creditors, or becomes subject to involuntary proceedings under any bankruptcy or insolvency Law;

(b) Quoin, on the one hand, or the Licensee, on the other hand, fails to cure any non-compliance with any of the terms and conditions hereof within the time period specified in any prior written notice (which will be at least thirty (30) days) delivered to the non-compliant Party by another Party; provided; however, that Quoin shall be permitted to terminate immediately upon delivery of written notice to Licensee in the event that Licensee has failed at least two (2) times in any twelve (12) month period to pay to Quoin any amount invoiced hereunder when such amount is due, other than where such failure is due to a good faith dispute over the amount owed;

(c) The termination of the License Agreement.

Section 7.3 Effects of Termination.

If this Agreement is terminated pursuant to Section 7.2:

(a) Upon termination of this Agreement by Quoin pursuant to Section 7.2(a) or Section 7.2(b), or if the License Agreement is terminated by Quoin pursuant to Section 11.2.3 or 11.2.4: (i) Licensee acknowledges and agrees that Quoin will be entitled (but shall not be required) to cancel any Firm Order accepted prior to the date of termination, and will not be obligated to supply any Product ordered by the Licensee pursuant to such Firm Order, with respect to any Product to be delivered after the effective date of the termination. In all other cases, upon termination of this Agreement, Quoin will fill any Firm Order accepted prior to the date of termination.

(b) Subject to Section 7.3(a) hereof, termination or expiration of this Agreement for any reason will not relieve the Parties of any obligation accruing prior to such termination or expiration (including in respect of any Firm Orders). The rights and obligations of the Parties under Sections 5.3, 5.4, 5.5, 7.3, Article IX, Article X, and Article XI of this Agreement will survive the expiration or termination of this Agreement.

Section 7.4: Termination for Convenience by Quoin

In the event that Quoin decides to terminate this Agreement for reasons unrelated to clauses described in section 7.2 and including but not limited to:

- An acquisition of Quoin by a third party, where such third party does not assume all of Quoin's obligations hereunder
- A licensing or distribution deal between Quoin and a third party that covers all or part of the agreed Licensee "territory" as defined in this Agreement
- That Quoin becomes insolvent or is unable to trade due to insolvency or a winding up agreement
- That Quoin is liquidated in favor of a new trading entity

Then Licensee may claim compensation calculated as follows:

§ Termination during Commercial Year 1: Compensation equivalent to USD 750,000

§ Termination during Commercial Year 2: Compensation equivalent to USD 900,000

§ Termination during Commercial Year 3: Compensation equivalent to 150% of difference between Transfer Price and CIF price for quantities purchased during Year 2 or USD 1 million, whichever is the higher amount.

§ Termination during Commercial Year 4: Compensation equivalent to 125% of difference between Transfer Price and CIF price for quantities purchased during Year 3 or USD 1.25 million, whichever is the higher amount.

§ Termination during Commercial Year 5: Compensation equivalent to 100% of difference between Transfer Price and CIF price for quantities purchased during Year 4 or USD 1.5 million, whichever is the higher amount.

ARTICLE VIII

FORCE MAJEURE

Section 8.1 Force Majeure. Neither Party will be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term or provision of this Agreement (other than the payment of money) when such failure or delay will be caused (directly or indirectly) by a circumstance beyond the reasonable control of the affected Party, including, without limitation, fire; flood; accident; explosion; terrorism, sabotage; strike, or any labor disturbance (regardless of the reasonableness of the demands of labor); civil commotions; riots; invasions; wars (present or future); acts, restraints, requisitions, regulations, or directions of any Governmental Authority, except where such acts, restraints, requisitions, regulations or directions are the result of a Party's violation of applicable Law; shortage of labor, fuel, or power; any failure of a third party supplier of the Product or raw materials to deliver timely; inability to obtain or delays of transportation facilities; any act of God; any act of the other Party or any cause (whether similar or dissimilar to the foregoing) beyond the reasonable control of such Party (each a "Force Majeure"). Any Party asserting its inability to perform any obligation hereunder for any such contingency shall promptly notify the other Party of the existence of any such contingency and shall use commercially reasonable efforts to mitigate such contingency and re-commence its performance of such obligation as soon as commercially practicable. Neither Party shall suffer penalty or incur any liability for its inability to perform hereunder by reason of Force Majeure. If a Party fails to perform any of its obligations under this Agreement by reason of Force Majeure and such non-performance continues for a period of one hundred and eighty (180) days from the first occurrence of the event of Force Majeure, the other Party may terminate this Agreement by providing written notice to that effect to the non-performing Party. In the event of such termination, the provisions contained in Section 7.3 shall apply.

ARTICLE IX

CONFIDENTIALITY

Section 9.1 Non-disclosure and Non-use Obligation. Each Party or its Affiliates or contractors may, from time to time, prior to or after the date hereof, disclose to the other Party information of a technical or non-technical nature that is not generally known to the trade or public. Each Party agrees that it will not, and will cause its Affiliates, and will use reasonable best efforts to cause its contractors, not to, use for any purpose other than as necessary to perform its obligations under this Agreement, and will not disclose to anyone in any manner whatsoever, any such information including, without limitation, information relating in any way to the products, processes, and services of each Party or its Affiliates or contractors, which becomes known to the other Party on or prior to the date of the termination or expiration of this Agreement. The obligations of this Section 9.1 will not apply to information (i) that is known to a Party as shown by written records prior to its disclosure by Quoin or its contractors; (ii) that becomes public information or is generally available to the public other than by an unauthorized act or omission of the other Party; or (iii) that is received by a Party from third parties who are in rightful possession of such information and who are lawfully entitled to disclose such information and did not receive such information from the other Party. Upon the termination or expiration of this Agreement, each Party will return or destroy (with written confirmation thereof) to the other Party all documents that include confidential information of each Party or its contractors including all copies of such documents or extracts therefrom, if any, and will make no further use of such information. This Agreement shall not be deemed to restrict the receiving Party from complying with a lawfully issued governmental order or any other requirement of applicable Law to produce or disclose confidential information of the other Party; provided that the receiving Party shall have complied with the requirements of this Section 9.1. With respect to any such governmental order or requirement of applicable Law, the receiving Party shall promptly notify the disclosing Party of such order so that the disclosing Party may seek to quash such order or to obtain an appropriate protective order requiring that the confidential information that is the subject of such order or requirement of applicable Law be held in confidence or, if disclosed, be used only for the purposes for which such order was issued or such requirement of applicable Law covers. The receiving Party shall reasonably cooperate with the disclosing Party in any such proceeding. With respect to any such order that is not quashed or any other requirement of applicable Law to disclose confidential information of the disclosing Party, the receiving Party shall furnish only that portion of such confidential information that the receiving Party is advised by counsel is legally required to be disclosed and the receiving Party shall, at the disclosing Party's cost, exercise its reasonable efforts, in its sole discretion, to obtain a protective order or other reliable assurance that confidential treatment shall be accorded to the confidential information so disclosed. The receiving Party's obligations shall be qualified to the extent it is reasonably able to comply with the terms of this Section 9.1 depending upon the order or other legal requirement and the timing within which the receiving Party is obligated to comply therewith.

ARTICLE X

INDEMNIFICATION

Section 10.1 By Quoin. From and after the Effective Date, subject to Section 10.5(a) hereof, Quoin will indemnify, defend and hold harmless, and pay and reimburse, the Licensee, its Affiliates and their respective officers, directors, employees, agents, advisors, and shareholders from and against any and all liabilities, losses, claims, damages, costs, and expenses (including reasonable attorneys' fees) ("Losses") resulting from or relating to any claim by a Third Party resulting from or arising out of: (i) Quoin's or its contractors' or Affiliate's negligence or willful misconduct, or (ii) any breach by Quoin of any of its representations and warranties, covenants, agreements or obligations contained in this Agreement; except to the extent such Losses arise as a result of the breach of this Agreement, or the negligence, willful misconduct, or breach of this Agreement by Licensee or its contractors or Affiliates.

Section 10.2 By the Licensee. From and after the Effective Date, the Licensee will indemnify, defend and hold harmless, and pay and reimburse, Quoin and its Affiliates and their respective officers, directors, employees, agents, advisors and shareholders from and against any and all Losses resulting from or relating to any claim by a Third Party resulting from or arising out of: (a) the Licensee's negligence or willful misconduct, or (b) breach of any of its representations and warranties, covenants, agreements or obligations contained in this Agreement; or (c) regarding any Product sold by Licensee or its Affiliates from and after the Effective Date, including but not limited to (i) any claim for patent infringement, personal injury, death or property damage or (ii) the use of the Product by any person; provided, however, that the Licensee shall not be liable for any Losses to the extent arising from Quoin's or it contractors' negligence, willful misconduct, or breach of its representations and warranties, covenants, agreements or obligations contained in this Agreement.

Section 10.3 Procedures. With respect to each event, occurrence or matter (an "Indemnification Matter") as to which Quoin or Licensee, as the case may be (the "Indemnitee") is entitled to indemnification from the other Party (the "Indemnitor") under this Article X:

(a) Within ten (10) days after the Indemnitee receives written documents underlying the Indemnification Matter or, if the Indemnification Matter does not involve a third party action, suit, claim or demand, promptly after the Indemnitee first has actual knowledge of the Indemnification Matter, the Indemnitee shall give notice to the Indemnitor of the nature of the Indemnification Matter and the amount demanded or claimed in connection therewith ("Indemnification Notice"), together with copies of any such written documents.

(b) If a third party action, suit, claim or demand is involved, then, upon receipt of the Indemnification Notice, the Indemnitor shall, at its expense and through counsel of its choice, promptly assume and have sole control over the litigation, defense or settlement (the "Defense") of the Indemnification Matter, except that (i) the Indemnitee may, at its option and expense and through counsel of its choice, participate in (but not control) the Defense; (ii) if the Indemnitee reasonably believes that the handling of the Defense by the Indemnitor may have a material adverse effect on the Indemnitee, its business or financial condition, or its relationship with any customer, prospect, supplier, employee, salesman, consultant, agent or representative, then the Indemnitee may, at its option and expense and through counsel of its choice, assume control of the Defense, provided that the Indemnitor shall be entitled to participate in the Defense at its expense and through counsel of its choice; (iii) the Indemnitor shall not consent to any Judgment, or agree to any settlement, without the Indemnitee's prior written consent; and (iv) if the Indemnitor does not promptly assume control over the Defense or, after doing so, does not continue to prosecute the Defense in good faith, the Indemnitee may, at its option and through counsel of its choice, but at the Indemnitor's expense, assume control over the Defense. In any event, the Indemnitor and the Indemnitee shall fully cooperate with each other in connection with the Defense including by furnishing all available documentary or other evidence as is reasonably requested by the other.

(c) All amounts owed by the Indemnitor to the Indemnitee (if any) shall be paid in full within fifteen (15) business days after a final Judgment (without further right of appeal) determining the amount owed is rendered, or after a final settlement or agreement as to the amount owed is executed.

Section 10.4 Insurance. At all times from the Effective Date the Licensee shall maintain a valid general liability insurance in line with the local laws and regulations in place by the local authorities in each country of the territory. Quoin will maintain general liability insurance and product liability insurance (or self-insurance), which is reasonable and customary in the USA pharmaceutical industry for companies of comparable size, provided that in no event shall the product liability insurance amounts be less than USD $5,000,000 per occurrence and USD $5,000,000 in the aggregate limit of liability per year.

Section 10.5 Limitations.

(a) Notwithstanding anything to the contrary in this Agreement, Licensee's sole recourse with respect to any Losses that arise, directly or indirectly, from the actions or omissions of Quoin's contract manufacturer of the Product shall be limited to the amounts that Quoin is able to collect from such contract manufacturer in connection with such actions or omissions. Quoin, with the cooperation of Licensee, will enforce the rights available to Quoin under its agreement with the contract manufacturer with respect to the Product supplied to the Territory, to the same extent as if the loss or damage was directly incurred by Quoin, rather than Licensee.

(b) In no event shall either Party be liable by reason of any breach of any representation, warranty, condition or other term of this Agreement or any duty of common law, for any consequential, special, indirect or incidental or punitive loss or damage (whether for loss of current or future profits, loss of enterprise value or otherwise) and each Party agrees that it shall not make any such claim; provided, however, that the foregoing does not limit any of the obligations or liability of either Party or its Affiliates under Sections 10.1 and 10.2 with respect to claims of unrelated third parties or liability arising from fraud or willful misconduct of a Party or its Affiliates or contractors.

(c) Notwithstanding any other provision of this Agreement, in the event that the Licensee asserts or claims that Quoin has breached any of its obligations hereunder or that Quoin is liable pursuant to Section 10.1, Quoin's maximum liability under or in connection with any such claim herein shall be limited to Two Million Dollars ($2,000,000); provided, however, that the foregoing shall not limit any liability arising from fraud or willful misconduct of Quoin or its Affiliates or contractors.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Assignment. Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party ; provided, however either Party may assign its rights and obligations under this Agreement, without the prior written consent of the other Party, to an Affiliate or to a successor of the assigning Party by reason of merger, sale of all or substantially all of its assets or the portion of its business which relates to a Product, or any similar transaction. Any permitted assignee or successor-in-interest will assume all obligations of its assignor under this Agreement. No assignment will relieve either Party of its responsibility for the performance of any obligation. This Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Section 11.2 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable by any Law or public policy, the remaining provisions of this Agreement will nevertheless remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom as long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties will negotiate reasonably and in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 11.3 Notices. All notices and other communications required or permitted to be given or made pursuant to this Agreement shall be in writing signed by the sender and shall be deemed duly given (a) on the date delivered, if personally delivered, (b) on the date sent by telecopier with automatic confirmation by the transmitting machine showing the proper number of pages were transmitted without error, (c) on the Business Day after being sent by Federal Express or another recognized overnight mail service which utilizes a written form of receipt for next day or next Business Day delivery or (d) two (2) Business Days after mailing, if mailed by United States postage-prepaid certified or registered mail, return receipt requested, in each case addressed to the applicable Party at the address set forth below; provided that a Party may change its address for receiving notice by the proper giving of notice hereunder:

(a) if to the Licensee, to:

With a copy (which shall not constitute notice) to:

Genpharm Services Fz LLC
Al manara Tower, office 2805
Business Bay, Dubai
United Arab Emirates
Attention: Kamel Ghammachi
Facsimile: +971.4.4227011
Email: kamel.ghammachi@genpharmservices.com

(b) if to Quoin, to:

with a copy (which shall not constitute notice) to:

Blank Rome LLP
One Logan Square, 130 N 18th St.
Philadelphia, PA 19103-6998
Attention: Peter I Tsoflias, Esq.
Facsimile: 202.379.9021
Email: PTsoflias@blankrome.com

It is understood and agreed that this Section 11.3 is not intended to govern the ordinary course business communications necessary between the Parties in performing their duties, in due course, under the terms of this Agreement, including the placement of orders and the delivery of Forecasts.

Section 11.4 Applicable Law. THIS AGREEMENT IS MADE UNDER, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED SOLELY THEREIN, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

Section 11.5 Arbitration. If a matter cannot be resolved by the Parties, any said dispute shall be submitted to binding arbitration for final decision, and only through binding arbitration. Any such arbitration shall be held in New York, New York, in the English language in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce (the "ICC Rules"), except where those rules conflict with this Section 11.5, in which case this Section 11.5 controls. Unless otherwise agreed by the Parties, the tribunal shall be comprised of three (3) arbitrators; each Party shall nominate one arbitrator and the two Party-nominated arbitrators shall nominate the third arbitrator. The arbitrators shall decide the merits of any dispute in accordance with the law governing this Agreement, without application of any principle of conflict of laws that would result in reference to a different law. Judgment upon the award rendered by the arbitrators may be entered or enforced in any court having jurisdiction thereof. The decision of the arbitrators shall be final and binding on the Parties and shall be accompanied by a written opinion of the arbitrators explaining the arbitrators' rationale for their decision. Unless otherwise agreed by the Parties in writing, the Party losing the arbitration shall pay all fees and costs of the arbitrators and the ICC, but each Party shall bear its own attorney and expert fees. The Parties agree that, notwithstanding any provision of Applicable Law, they will not request, and the arbitrators shall have no authority to award, punitive or exemplary damages against either Party. Pending the selection of the arbitrators or pending the arbitrators' determination of the merits of any dispute, either Party may seek appropriate interim or provisional relief from any court of competent jurisdiction as necessary to protect the rights or property of that Party. The intent of the Parties is that except for seeking appropriate interim or provisional relief or the entering of an arbitration order in a court of competent jurisdiction, disputes shall be resolved finally in arbitration as provided above, without appeal, and without recourse to litigation in the courts. The Parties acknowledge that the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") applies to this Agreement and to any arbitral award or order resulting from any arbitration concluded hereunder. The award may be made a judgment of a court of competent jurisdiction.

Section 11.6 Entire Agreement. This Agreement and the attached Schedules, which are incorporated herein constitute the entire agreement between the Parties with respect to the subject matter hereof and all prior agreements with respect hereto are superseded. Each Party confirms that no representations, warranties, covenants or understandings of any kind, nature or description whatsoever are being made or relied upon by any Party. No amendment or modifications hereof will be binding upon the Parties unless set forth in a writing specified to be an explicit amendment to this Agreement duly executed by authorized representatives of each of the Parties. The Parties recognize that, during the Term of this Agreement, a purchase order, acknowledgement form or similar routine document (collectively "Forms") may be used to implement or administer provisions of this Agreement. Therefore, the Parties agree that the terms of this Agreement, as it may be amended, will prevail in the event of any conflict between this Agreement and the printed provision of such Forms, or typed provisions of Forms that add to, vary, modify or are in conflict with the provisions of this Agreement with respect to the Product sold during the Term of this Agreement.

Section 11.7 Headings. The headings used in this Agreement are intended for convenience only and will not be considered part of the written understanding among the Parties and will not affect the construction of this Agreement.

Section 11.8 Independent Contractors. The relationship between Quoin, on the one hand, and the Licensee, on the other hand, is solely that of Licensee and seller. It is expressly agreed that Quoin, on the one hand, and the Licensee, on the other hand, will be independent contractors and that neither the relationship among the Parties nor this Agreement will be construed as creating a partnership, joint venture or agency. Neither Quoin, on the one hand, nor the Licensee, on the other hand, will have the authority to make any statements, representations or commitments of any kind, or to take any action or to incur any liability or obligation which will be binding on the other, without the prior consent of the other Party to do so. All persons employed by a Party will be employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment will be for the account and expense of such Party.

Section 11.9 Waiver. The waiver by either Party of any right hereunder or the failure to perform or of a breach by the other Party will not be deemed a waiver of any other right hereunder or of any other or subsequent breach or failure by said other Party whether of a similar nature or otherwise.

Section 11.10 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.

Section 11.11 No Benefit to Third Parties. The representations, warranties, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties and their successors and permitted assigns, and nothing herein, express or implied, is intended to or will confer upon any person or entity any legal or equitable rights, benefits or remedies, other than to the extent set forth in Sections 10.1 and 10.2.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective representatives thereunto duly authorized, all as of the date first written above.

By: /s/ Michael Myers
Name: Michael Myers
Title: CEO

By: /s/ Kamel Ghammachi
Name: Kamel Ghammachi
Title: Chairman

Schedule 1.1
DEFINITIONS

As used in this Agreement, the following terms will have the meanings ascribed to them below:

(a) "Active Pharmaceutical Ingredient" or "API" means the active pharmaceutical ingredient for Product.

(b) "Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(c) "cGMPs" means current good manufacturing practice requirements of the FDA as promulgated under the Federal Food Drug and Cosmetics Act at 21 C.F.R. (parts 11, 210 and 211), and the European Medicines Agency as set forth in Regulation No. 1252/2014 and Commission Directive 91/356/EEC, as amended by Directive 2003/94/EC.

(d) "COA" has the meaning set forth in Section 3.3(b).

(e) "COC" has the meaning set forth in Section 3.3(b).

(f) "Discretionary Manufacturing Change" means change to the Specifications or manufacturing processes that is not a Required Manufacturing Change.

(g) "Extended Term" has the meaning set forth in Section 7.1.

(h) "FDA" means the United States Food and Drug Administration and any successor agency thereto

(i) "Firm Order" has the meaning set forth in Section 3.2.

(j) "Firm Order Period" has the meaning set forth in Section 3.1.

(k) "Force Majeure" has the meaning set forth in Section 8.1.

(l) "Forecast" has the meaning set forth in Section 3.1.

(m) "Forms" has the meaning set forth in Section 12.6.

(n) "Governmental Authority" means any court, tribunal, arbitrator, agency, legislative body, commission, official or other instrumentality of (i) any government of any country, or (ii) a federal, state, province, county, city or other political, administrative or regulatory subdivision thereof; in each case, in the jurisdiction where the Product is manufactured and/or in the Territory.

(o) "Initial Term" has the meaning set forth in Section 7.1.

(p) "Law" means each federal, state, provincial, municipal, local, or foreign law, statute, ordinance, order, determination, judgment, common law, code, rule, official standard, or regulation, enacted, enforced, entered, promulgated, or issued by any Governmental Authority.

(q) "Manufacturing" or "Manufactured" means the manufacture and packaging of Product, including, without limitation, mix, fill and finish.

(r) "Manufacturing Costs" means, with respect to a Product, (x) where Quoin is the actual manufacturer of such Product, the actual cost of manufacturing the Product (expressed on a per unit manufactured basis), which consists of (i) actual direct cost of any raw materials, intermediates, packaging materials and labor utilized in such Manufacturing, (ii) an appropriate share of factory overhead costs allocated to Manufacture of the Product, but excluding any costs related to under-utilized capacity, all calculated in accordance with GAAP, and (iii) any transportation, freight expenses actually incurred by Quoin to ship the material along with any costs paid to third parties with respect to any portion of manufacturing or testing the Product, or (y) where Product is manufactured by any subcontractor for any of the foregoing, the aggregate amount paid to such subcontractor and any other third parties with respect to any portion of manufacturing or testing the Product.

(s) "Party" or "Parties" means Quoin and/or the Licensee, as applicable.

(t) "Person" means any individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, and including and successor, by merger or otherwise, of any of the foregoing.

(u) "Product" means pharmaceutical product QRX003 in finished dosage form for human use.

(v) "Purchase Order Date" has the meaning set forth in Section 3.2(a).

(w) "Licensee" has the meaning set forth in the preamble.

(x) "Licensee Taxes" has the meaning set forth in Section 6.4.

(y) "Licensee Trademark" has the meaning set forth in Section 11.1.

(z) "Quality Agreement" has the meaning set forth in Section 5.6.

(aa) "Regulatory Approval" shall mean the licenses, registrations, clearances, consents, authorizations, and approvals required to have manufactured, store, import, transport, market, promote, sell, place on the market, and distribute the Product (including, without limitation, pricing approvals and labeling approvals) in the Territory, and all amendments thereto or supplements thereof.

(bb) "Required Manufacturing Change" means a change to the Specifications or manufacturing process that is required by a Governmental Authority or applicable Law.

(cc) "Specifications" means the requirements and standards for the manufacture, packaging, storage and shipment of the Product set forth in the Quality Agreement, as amended or supplemented in accordance with this Agreement.

(dd) "Term" has the meaning set forth in Section 7.1.

(ee) "Territory" means Gulf Cooperation Council (KSA, UAE, Kuwait, Bahrain, Oman, Qatar) and Algeria, Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia, Turkey, and Yemen.

(ff) "Third Party" means any Person, other than Licensee and its Affiliates, and other than Quoin and its Affiliates.

(gg) "Transfer Price" means the amount to be paid by the Licensee to Quoin pursuant to Section 6.1 and as may be adjusted from time to time pursuant to Section 6.2.

SCHEDULE 6.1
TRANSFER PRICE AND BATCH QUANTITIES

TRANSFER PRICES AND BATCH QUANTITIES FOR DOSAGES AS OF EFFECTIVE DATE:

Exhibit 99.1

QUOIN PHARMACEUTICALS, INC.

Financial statements as of
June 30, 2021 and 2020
(Unaudited)

QUOIN PHARMACEUTICALS, INC.

Contents

QUOIN PHARMACEUTICALS, INC.

Condensed Balance Sheets (Unaudited)

	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash	**$ 1,720,599**	$ 323,832
Prepaid expenses	**48,510**	-
Deferred offering costs	**253,146**	141,338
Total current assets	**2,022,255**	465,170
Intangible assets, net	**860,626**	912,648
Deferred loan costs	**50,000**	
Total assets	**2,932,881**	$ 1,377,818
Liabilities and Stockholder's deficit		
Current Liabilities		
Accrued expenses	**$ 805,932**	$ 960,847
Accounts payable	**403,809**	-
Accrued license acquisition	**500,000**	875,000
Accrued interest	**315,153**	47,042
Due to officers	**4,873,733**	4,888,913
Bridge note payable	**5,000,000**	-
Convertible notes payable	**1,213,313**	1,213,313
Total current liabilities	**13,111,940**	7,985,115
Warrant liability	**4,669,652**	-
Total liabilities	**17,781,592**	7,985,115
Commitments and Contingencies		
Stockholders' deficit		
Common stock, par value $0.01 per share, 10,000,000 shares authorized - 1,000,000 shares issued and outstanding at June 30, 2021 and December 31, 2020	**100**	100
Accumulated deficit	**(14,848,811)**	(6,607,397)
Total stockholders' deficit	**(14,848,711)**	(6,607,497)
Total liabilities and stockholders' deficit	**2,932,881**	$ 1,377,818

The accompanying footnotes are an integral part of these statements

QUOIN PHARMACEUTICALS, INC.

Condensed Statements of Operations and Changes in Stockholders' Deficit (Unaudited)

Six months ended June 30,

	2021	2020
Operating Expenses		
General and administrative	**$ 1,482,583**	$ 647,020
Research and development	**296,068**	101,912
Total operating expenses	**1,778,651**	748,932
Other Expenses		
Fair value adjustment to bridge note payable	**1,250,000**	
Warrant liability expense	**4,669,652**	
Financing expense	**275,000**	
Interest expense	**268,111**	**-**
Total other expenses	**6,462,763**	
Net loss before income taxes	**(8,241,414)**	(748,932)
Provision for income taxes	-	-
Net loss	**(8,241,414)**	(748,932)
Accumulated deficit - beginning of period	**(6,607,397)**	(4,512,033)
Accumulated deficit - end of period	**$ (14,848,811)**	$ (5,260,965)
Loss per share: Basic and diluted	**$ (8.24)**	$ (0.75)
Weighted average shares outstanding:		
Basic	**1,000,000**	1,000,000
Fully-diluted	**1,000,000**	1,000,000

The accompanying footnotes are an integral part of these statements

QUOIN PHARMACEUTICALS, INC.

Condensed Statements of Operations and Changes in Stockholders' Deficit (Unaudited)

Three months ended June 30,

	2021	2020
Operating Expenses		
General and administrative	**$ 737,610**	$ 324,185
Research and development	**239,280**	26,011
Total operating expenses	**976,890**	350,196
Other Expenses		
Fair value adjustment to bridge note payable	**750,000**	-
Warrant liability expense	**2,223,139**	-
Financing expense	**185,000**	-
Interest expense	**202,514**	-
Total other expenses	**2,610,653**	
Net loss before income taxes	**(4,337,543)**	(350,196)
Provision for income taxes	-	-
Net loss	**(4,337,543)**	(350,196)
Accumulated deficit - beginning of period	**(10,511,268)**	(4,910,769)
Accumulated deficit - end of period	**$ (14,818,811)**	$ (5,260,965)
Loss per share: Basic and diluted	**$ (4.34)**	$ (0.35)
Weighted average shares outstanding:		
Basic	**1,000,000**	1,000,000
Fully-diluted	**1,000,000**	1,000,000

The accompanying footnotes are an integral part of these statements

QUOIN PHARMACEUTICALS, INC.

Condensed Statements of Cash Flows (Unaudited)

Six months ended June 30,

Cash flows used in operating activities:	**2021**	**2020**
Net Loss	**$ (8,241,414)**	$ (748,933)
Fair value adjustment to bridge note payable	**1,250,000**	
Warrant liability expense	**4,669,652**	
Financing expense	**275,000**	
Amortization of intangibles	**52,022**	52,022
Changes in assets and liabilities:		
Increase in accounts payable and accrued expenses	**141,395**	154,505
Increase in prepaid expenses	**(48,510)**	-
Increase in accrued interest	**268,111**	-
Net cash used in operating activities	**(1,633,744)**	(542,406)
Cash flows used in investing activities Payment for license acquisition	**(267,500)**	-
Net cash used in investing activities	**(267,500)**	-
Cash flows provided by financing activities:		
Increase in deferred offering costs	**(111,808)**	-
Increase in deferred costs	**(50,000)**	
Increase in due to officers	**139,285**	542,406
Payment of amounts due to officers	**(154,466)**	-
Proceeds from issuance of Bridge Notes, net	**3,475,000**	-
Net cash used in financing activities	**3,298,011**	542,406
Net change in cash	**1,396,550**	-
Cash - beginning of period	**323,832**	-
Cash - end of period	**$ 1,720,382**	-

The accompanying footnotes are an integral part of these statements

NOTE 1 - ORGANIZATION AND BUSINESS

Quoin Pharmaceuticals, Inc. ("Quoin" or the "Company") was incorporated in Delaware on March 5, 2018 ("Inception") and established in 2017 as an Irish entity. The Irish entity did not have any operations, was merged into a wholly-owned subsidiary of Quoin which was then dissolved in 2018.

The Company was established as a specialty pharmaceutical company dedicated to developing products that treat rare and orphan diseases for which there are currently no approved treatments. The first lead product is QRX003, a once daily, topical lotion comprised of a broad-spectrum serine protease inhibitor, formulated with the proprietary Invisicare® technology, to treat Netherton Syndrome (NS). In addition, the Company intends to pursue the clinical development of QRX003 in additional rare dermatological diseases including Peeling Skin Syndrome, SAM Syndrome and Palmoplantar Keratoderma.

To date, the Company has not commercialized any products and has not generated any revenue. The majority of the Company's operating expenses since inception have been associated with completing due diligence on various technologies, asset technology acquisitions, negotiating and finalizing potential funding agreements, and building its pipeline of preclinical product candidates. The founders of the Company funded all Company related expenditures through September 2020.

On March 24, 2021, the Company and Cellect Biotechnology Ltd. ("Cellect"), a corporation organized under the laws of Israel and Nasdaq Capital Market listed company, announced that the Boards of Directors of the two companies unanimously approved an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") pursuant to which a wholly owned subsidiary of Cellect will merge with and into Quoin (the "Merger"), with Quoin surviving as a wholly-owned subsidiary of Cellect, and the operating business of Cellect will be spun out into a new entity. Each share of Quoin Common Stock outstanding immediately prior to the Effective Time, as defined will be converted solely into the right to receive a number of Cellect Ordinary Shares equal to the Exchange Ratio, as defined which will trade in the United States in the form of American Depositary Shares ("ADS's," each ADS representing 400 Ordinary Shares which reflects Cellect's 4:1 ratio change of their ADS's as of September 24, 2021) and constitutes the "Merger Consideration".

The Merger was completed on October 28, 2021. See Note 14- Subsequent Events.

NOTE 2 - LIQUIDITY AND ABILITY TO CONTINUE AS GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has incurred net losses every year since inception and had an accumulated deficit of approximately $14.8 million at June 30, 2021. The Company will require substantial additional capital for its contemplated research and development activities. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

On March 24, 2021, the Company entered into a bridge financing agreement upon the execution of a binding agreement to consummate a reverse merger transaction with a public entity together with a Securities Purchase Agreement (See Notes 1 and 5). The Merger and the Primary Financing were completed on October 28, 2021 (See Note 14 – Subsequent Events). The Company is also in the process of negotiating a line of credit of credit with a bank.

Obtaining additional financing to support the research and development of the Company's therapeutic targets and its other operating requirements are necessary for the Company to continue operations. If the Company is unable to obtain additional funding, the development of its product candidates will be impacted and the Company would likely be forced to delay, reduce, or terminate some or all of its development programs, all of which could have a material adverse effect on the Company's business and the financial statements.

These condensed financial statements do not include any adjustments related to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty.

NOTE 3 - SUMMARY OF SIGNIFICANT POLICIES

Basis of Presentation:

The unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required to be presented for complete financial statements. The accompanying unaudited condensed financial statements reflect all adjustments (consisting only of normal recurring items) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The accompanying unaudited condensed Balance Sheet as of December 31, 2020 has been derived from the audited financial statements for the year ended December 31, 2020, initially filed with the U.S. Securities and Exchange Commission ("SEC") on Form F-4 on June 16, 2021. The unaudited condensed financial statements and related disclosures should be read in conjunction with the Company's audited financial statements and related notes.

Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could materially differ from those estimates. Management considers many factors in selecting appropriate financial accounting policies and controls, and in developing the estimates and assumptions that are used in the preparation of these financial statements. In addition, other factors may affect estimates, including: expected business and operational changes, sensitivity and volatility associated with the assumptions used in developing estimates, and whether historical trends are expected to be representative of future trends. The estimation process often may yield a range of potentially reasonable estimates of the ultimate future outcomes and management must select an amount that falls within that range of reasonable estimates. Estimates are used in the following areas, among others: fair value of debt instruments and warrants, research and development expense recognition, intangible asset estimated useful lives and impairment assessments, allowances of deferred tax assets, contingency recognition, and cash flow assumptions regarding going concern considerations.

Other risks and uncertainties:

The Company is subject to risks common to development stage biopharmaceutical companies including, but not limited to, new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations, product liability, pre-clinical and clinical trial outcome risks, regulatory approval risks, uncertainty of market acceptance and additional financing requirements.

The Company's products require approval or clearance from the U.S. Food and Drug Administration ("FDA") prior to commencing commercial sales in the United States. There can be no assurance that the Company's products will receive all of the required approvals or clearances. Approvals or clearances are also required in foreign jurisdictions in which the Company may license or sell its products.

There can be no assurance that the Company's products, if approved, will be accepted in the marketplace, nor can there be any assurance that any future products can be developed or manufactured at an acceptable cost and with appropriate performance characteristics, or that such products will be successfully marketed.

The Company is also dependent on several third party suppliers, in some cases single-source suppliers which include the supplier of the active pharmaceutical ingredient (API) as well as the contract manufacturer of the drug substance for the expected clinical development.

A novel strain of coronavirus ("COVID-19") created a global pandemic in 2020. The Company's operations to date have not been dramatically affected by COVID-19. However, the extent of any future impact on the Company's operational and financial performance will depend on the possibility of a resurgence and resulting severity of COVID 19 with respect to the Company's access to API and drug substance, the potential disruption in global freight networks, as well as our ability to safely and efficiently conduct planned clinical trials.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid investments and short-term debt instruments with original maturities of three months or less to be cash equivalents. The Company, from time to time during the periods presented, has had bank account balances in excess of federally insured limits. The Company has not experienced losses in such accounts. The Company believes that it is not subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

Long-lived assets:

Long-lived assets are comprised of acquired technology and licensed rights to use technology, which are considered platform technology with alternative future uses beyond the current products in development. Such intangible assets are being amortized on a straight-line basis over their expected useful life of 10 years.

The Company assesses the impairment for long-lived assets whenever events or circumstances indicate the carrying value may not be recoverable. Factors we consider that could trigger an impairment review include the following:

- Significant changes in the manner of our use of the acquired assets or the strategy for our overall business,
- Significant underperformance relative to expected historical or projected development milestones,
- Significant negative regulatory or economic trends, and
- Significant technological changes which could render the platform technology obsolete.

The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value. During the six months ended June 30, 2021 and the year ended December 31, 2020, there were no impairment indicators which required an impairment loss measurement.

Deferred Offering Costs:

Deferred offering costs are expenses directly related to the expected Primary Financing. These costs consisted of legal, accounting, printing, and filing fees that the Company capitalized which will be offset against the proceeds upon completion of the Primary Financing.

Research and development:

Research and development costs are expensed as incurred. Research and development expenses include personnel costs associated with research and development activities, including third-party contractors to perform research, conduct clinical trials and manufacture drug supplies and materials. The Company accrues for costs incurred by external service providers, including contract research organizations and clinical investigators, based on its estimates of service performed and costs incurred. These estimates include the level of services performed by third parties, patient enrollment in clinical trials when applicable, administrative costs incurred by third parties, and other indicators of the services completed. Based on the timing of amounts invoiced by service providers, the Company may also record payments made to those providers as prepaid expenses that will be recognized as expense in future periods as the related services are rendered.

Income taxes:

The Company accounts for its income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company also accounts for uncertain tax positions using the more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken in the Company's income tax returns. As of June 30, 2021 and December 31, 2020, the Company had no uncertain tax positions which affected its financial position and its results of operations or its cash flows and will continue to evaluate for uncertain tax positions in the future. If at any time the Company should record interest and penalties in connection with income taxes, the interest and the penalties will be expensed within the interest and general and administrative expenses, respectively.

NOTE 3 - SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

Fair value:

The Company considers its cash, accounts payable, accrued expenses and the convertible and bridge notes payable to meet the definition of financial instruments. The convertible and bridge notes payable are recorded at fair value, see Notes 4 and 6. The warrants are recorded at fair value, see Notes 5 and 6. The carrying amounts of the remaining financial instruments approximated their fair values due to the short maturities.

The Company measures fair value as required by ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820"). ASC Topic 820 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and expands disclosures about fair value measurements. ASC Topic 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Earnings (loss) per share:

The Company reports earnings (loss) per share in accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 260-10 "*Earnings Per Share*," which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. The calculation of diluted net loss per share gives effect to common stock equivalents; however, potential common shares are excluded if their effect is anti-dilutive.

For the three and six month periods ended June 30, 2021, the number of shares issuable upon the conversion of both the Convertible Notes Payable and the Bridge Notes as well as the warrants issued in connection with both of these convertible instruments are not included in the denominator since their inclusion would be anti-dilutive. See Note 14.

Recently issued accounting pronouncements:

The Company has evaluated all recent accounting pronouncements and believes that none of them will have a material effect on the Company's financial position, results of operations or cash flows except as discussed below.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)*" which replaces the existing guidance in ASC 840 - *Leases*. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line total lease expense. This ASU is effective for fiscal years beginning after December 15, 2021 and for interim periods within those fiscal years. The Company will evaluate the impact of adoption of this ASU when it enters into a lease arrangement.

The FASB recently issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470- 20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, to reduce complexity in applying GAAP to certain financial instruments with characteristics of liabilities and equity. The guidance in ASU 2020-06 simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock. The guidance in ASC 470-20 applies to convertible instruments for which the embedded conversion features are not required to be bifurcated from the host contract and accounted for as derivatives. In addition, the amendments revise the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification. These amendments are expected to result in more freestanding financial instruments qualifying for equity classification (and, therefore, not accounted for as derivatives), as well as fewer embedded features requiring separate accounting from the host contract. The amendments in ASU 2020-06 further revise the guidance in ASC 260, *Earnings Per Share*, to require entities to calculate diluted earnings per share (EPS) for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. The amendments in ASU 2020-06 are effective for public entities that meet the definition of an SEC filer, excluding smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact this standard will have on its financial statements.

Subsequent events:

The Company has evaluated subsequent events through November 23, 2021, which is the date the financial statements were available to be issued.

Note 4 – Convertible Notes Payable

On October 2, 2020, the Company commenced an offering of promissory notes (the "2020 Notes" or "Convertible Notes Payable") and warrants.

The 2020 Notes were issued at a 25% original issue discount and bear interest at a rate of 20% per annum. Each Note Payable will automatically convert at the first closing of a Primary Financing, as defined (See Note 5) into the securities offered in such financing at the price paid by the investors in the Primary Financing. The 2020 Notes are due one year from their respective dates of issuance.

In October through December 2020, the Company received an aggregate of approximately $910,000 pursuant to this offering, resulting in the issuance of 2020 Notes with an aggregate face value of $1,213,333 and an original issue discount of $303,333. Approximately 23% of such financing was received from parties who are related to or affiliated with members of the Company's board of directors. No additional funding was received in the six months ended June 30, 2021.

Based upon the terms agreed to in March 2021 in the Primary Financing (see Notes 5 and 14), the 2020 Notes will be mandatorily convertible into 64,784 ADS's (as adjusted for the Merger exchange ratio) based on the valuation of $15.90 per share (as adjusted for the Merger exchange ratio) negotiated in the Primary Financing. The Company has elected to account for the convertible notes payable using the fair value model, which requires the Company to record changes in fair value as a component of other income or expense. Management elected to use the fair value model due to the short maturity of the convertible notes payable and likely conversion at the date of the Merger. The fair value of the convertible promissory notes was estimated by management to be approximately $1.2 million at the date of issuance, resulting in an increase in the fair value of the convertible notes payable of $378,000 which was recognized in the fourth quarter of 2020. As the Company had not consummated the Merger or Primary Financing as of June 30, 2021, management has estimated that the fair value had not significantly changed from issuance to June 30, 2021.

The noteholders also received warrants exercisable at any time after the issuance date for a number of shares of the Company's common stock that equates to 100% of the "as if converted" shares as if the 2020 Notes principal and interest were convertible at the lowest price any securities are sold, convertible, or exercisable into in the Primary Financing or the next round of financing (whichever is lower). The exercise price is to be based on a valuation equal to the valuation of the next financing round that is prior to or immediately after the closing of the Merger, as defined upon the issuance of any shares of Common Stock or securities convertible into shares of Common Stock below the then-existing exercise price. Since the amount of warrants and exercise price of the warrants were not knowable until the next round of financing, they were not accounted for as of December 31, 2020. The warrant holders could not exercise the warrant at date of issuance and through December 31, 2020 since the exercise price and number of warrants had not been determined.

The warrants will be exercisable for 300,485 (as adjusted for the Merger exchange ratio) ADS's at an initial exercise price of $3.98 per share. Upon closing of the Primary Financing, each holder agrees to submit this warrant in exchange for the Series A warrants issued in the Primary Financing with the same amount of warrant shares and the same exercise price under this warrant and have a contractual term of 5 years.

The Company determined that these warrants met the criteria to be recorded as a liability instrument. The fair value of warrants was determined by a MonteCarlo simulation model to be approximately $0.9 million at the date of issuance. The significant estimates used in such calculation were as follows:

· Stock price	$3.98 (post exchange ratio)
· Initial exercise price	$3.98 (post exchange ratio)
· Contractual Term	5.0
· Volatility	98%
· Discount rate	.81%

The fair value of the warrants are included in warrant liability expense in the accompanying statement of operations for the three and six months ended June 30, 2021. See Note 6. The change in the fair value from issuance to June 30, 2021 was de-minimus.

Interest expense, at the stated interest rate, recognized in the three and six months ended June 30, 2021 was approximately $61,000 and $121,000, respectively. Accrued interest at June 30, 2021 was approximately $168,000.

Note 5 – Bridge financing and Securities Purchase Agreement (Primary Financing)

Bridge financing

In connection with the Merger Agreement and the Securities Purchase Agreement (described below), the Company entered into a “Bridge Purchase Agreement” on March 24, 2021 with an investor (the “Investor”), pursuant to which the Investor has agreed to purchase, and the Company agreed to issue notes (the “Bridge Notes”) in the aggregate principal amount of up to $5,000,000 in exchange for an aggregate purchase price of up to $3,750,000 together with warrants. The Bridge Notes were purchased in three closings: (i) the first closing for $2,000,000 in aggregate principal amount of Bridge Notes closed on March 25, 2021 (the Company received proceeds of $1.5 million less fees of $90,000); (ii) the second purchase of $1,666,666 in aggregate principal amount closed in April 2021 (the Company received proceeds of $1.25 million) ; and (iii) a third purchase of $1,333,333 closed in May 2021 (the Company received proceeds of $1.0 million less fees of $185,000). The Bridge Notes are secured by a lien on the Company’s current and future assets, are senior to all other outstanding and future indebtedness of the Company and include covenants limiting future indebtedness, among others.

The Bridge Notes were issued with a 25% original issue discount, bear interest at a rate of 15% per annum and have a maturity date of the earliest to occur of: (i) December 25, 2021 (ii) the Public Company Date and (iii) the time immediately prior to the consummation of the Securities Purchase Agreement.

The Bridge Note holder (the "Holder") and the Company agreed that if the Securities Purchase Agreement is consummated, the Holder may, at its election, offset the purchase price otherwise payable by the Holder to the Company pursuant to the Securities Purchase Agreement, by an amount equal to the outstanding amount under this Bridge Note, and, upon such set-off, the portion of this Bridge Note shall be deemed to have been paid in its entirety and all obligations hereunder shall be deemed to be fully satisfied without any further obligations on, or liability to, the Company. If the Holder elects to offset the purchase price under the Securities Purchase Agreement, the purchase price payable by the Holder to the Company pursuant to the Securities Purchase Agreement shall be reduced by the outstanding amount so deemed satisfied. The Bridge Notes were offset against the purchase price under the Securities Purchase Agreement and converted into up to 1,257,721 ADS's (as adjusted for the Merger exchange ratio, and including shares held in escrow for the benefit of the investor) upon closing of the Securities Purchase Agreement.

The Company has elected to account for the Bridge Notes using the fair value model, which requires changes in fair value to be included in the Statement of Operations. Management elected to use the fair value model due to the short maturity and likely conversion at the date of the Merger. The fair value of the Bridge Notes was estimated by management to be approximately $5.0 million at the date of issuances, resulting in an increase in the fair value of approximately $500,000 upon the first issuance and $750,000 upon the April and May closings. The fair value adjustments also include $275,000 of debt issuance costs which was also immediately recognized as a component of other expense. Management has estimated that the fair value had not significantly changed from issuance to June 30, 2021. See Note 6.

At June 30, 2021, the face amount of Bridge Notes outstanding was $5,000,000. Interest expense, at the stated interest rate, recognized in the three and six months ended June 30, 2021 was approximately $141,000 and $147,000, respectively. Accrued interest at June 30, 2021 was approximately $147,000.

Warrants

Upon the funding of each Bridge Note tranche described above, the Investor received warrants to purchase a number of shares of Company common stock equal to the aggregate principal amount of the Bridge Notes issued divided by the initial per share exercise price of $3.98 (the "Bridge Warrants") or a total of 1,238,429 (as adjusted for the Merger exchange ratio) shares, subject to adjustments, as defined including certain reset mechanics. The Bridge Warrants shall have a term of five years from the date all of the shares underlying the Bridge Warrants are freely tradable. The Bridge Warrants also contain certain rights with regard to asset distributions and fundamental transactions. At the effective time of the Merger, each Bridge Warrant will automatically be exchanged for warrants to purchase ordinary shares, with share amounts and share prices adjusted to reflect the Exchange Ratio (as defined in the Merger Agreement) of the combined company's ordinary shares. In connection with the first closing on March 25, the Company issued 495,374 Bridge warrants, and 743,055 (as adjusted for the Merger exchange ratio) were issued in the three months ended June 30, 2021 in connection with the following two closings.

Following the closing date of the Merger, on each of the tenth trading day, the forty-fifth day, the ninetieth day, and the one hundred thirty-fifth day thereafter (each, a "Reset Date"), if the initial exercise price of the Bridge Warrants is greater than the arithmetic average of 85% of the three lowest weighted average prices of the post-Merger ordinary shares of the combined company during the ten trading day period immediately preceding the applicable Reset Date (the "Reset Price"), the exercise price of the Bridge Warrants will be reset to the Reset Price. Furthermore, the number of Bridge Warrant underlying shares will be adjusted such that the aggregate number of common stock issuable to each Investor reflects the Reset Price instead of the Initial Bridge Exercise Price. Adjustments to the exercise price and number of warrant shares are available to the holder until the second anniversary of the Registration Date, as defined. Upon the occurrence of a Fundamental transaction, as defined, the warrant holder has the right to elect a cash settlement for the value of the warrant base on the Black Scholes options pricing model.

The Company determined that the warrants met the criteria to be recorded as a liability instrument. The fair value of warrants was determined by a MonteCarlo simulation model to be approximately $1.6 million at the date of issuance of the 495,374 warrants in connection with the first closing and $2.2 million at the date of issuance of the 743,055 (post exchange ratio) in connection with the second and third closing of the Bridge Notes. The significant estimates used in such calculation were as follows:

· Stock price	$3.98 (post exchange ratio)
· Initial exercise price	$3.98 (post exchange ratio)
· Contractual Term	5.0
· Volatility	98%
· Discount rate	.81%

The fair value of the warrants are included in other expense in the accompanying statement of operations for the three months ended June 30, 2021. The change in the fair value from issuance to June 30, 2021 was de-minimus. See Note 6.

An amendment to the Bridge Warrants was consummated in September 2021 which replaced the reset provisions with a fixed number of shares and exercise price. See Note 14.

Securities Purchase Agreement (Primary Financing)

The Company, Cellect and the Investor signed a Securities Purchase Agreement (the “Purchase Agreement” or the “Primary Financing”) on March 24, 2021, pursuant to which the Investor agreed to purchase immediately prior to the closing of the Merger (i) $17.0 million of Quoin common stock (including the set off of the $5.0 million Bridge Notes), which will be exchanged for Cellect ADS’s in the Merger.

In connection with the Purchase Agreement, the Investor will also receive Series A, Series B and Series C warrants (the Primary Warrants, as amended) exercisable into shares of the combined company, to be issued 136 days after closing of the Purchase Agreement. An amendment to the Primary Warrants was consummated in September 2021 which replaced the reset provisions with a fixed number of shares and exercise price. The Series A Warrants, Series B Warrants and Series C Warrants each allow the holder to acquire 4,276,252, 4,276,252 and 2,389,670, respectively of ADS’s. The warrant exercise price for the Series A, B and C Warrants is $3.98 per ADS. Upon the exercise of the Series C Warrant in full, the Investor will be granted an additional Series A Warrant to purchase 2,389,670 ADSs and an additional Series B Warrant to purchase 2,389,670 ADSs.

Note 6. Fair Value of Financial Instruments

The Company applies fair value accounting for all assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities the Company considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. For certain instruments, including cash and cash equivalents, accounts payable, and accrued expenses, it was estimated that the carrying amount approximated fair value because of the short maturities of these instruments.

Fair value is estimated using various valuation models, which utilize certain inputs and assumptions that market participants would use in pricing the asset or liability. The inputs and assumptions used in valuation models are classified in the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Quoted market prices for similar instruments in an active market; quoted prices for identical or similar assets and liabilities in markets that are not active; and model-derived valuations inputs of which are observable and can be corroborated by market data.

Level 3: Unobservable inputs and assumptions that are supported by little or no market activity and that are significant to the fair value of the asset and liability. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining the appropriate hierarchy levels, the Company analyzes the assets and liabilities that are subject to fair value disclosure. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. The Company determined the estimated fair value of the convertible notes payable based on a qualitative evaluation of the credit worthiness of the Company and the probability of outcomes under the possible scenarios.

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis by fair value hierarchy at June 30, 2021 and December 31, 2020:

June 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Bridge warrants	-	-	$ 3,783,079	$ 3,783,079
Convertible note warrants	-	-	886,573	886,573
Total Warrant Liability	-	-	$ 4,669,652	$ 4,669,652
Bridge note payable	-	-	5,000,000	5,000,000
Convertible notes payable	-	-	1,213,333	1,213,333
Total notes payable			6,213,333	6,213,333
Total Liabilities	$ -	-	$ 10,882,965	$ 10,882,965

December 31, 2020	Level 1	Level 2	Level 3	Total
Convertible notes payable	$ -	$ -	$ 1,213,333	$ 1,213,333
Total Liabilities	$ -	-	$ 1,213,333	$ 1,213,333

In 2020, the convertible notes payable were entered into and their initial fair value was determined to be $1,213,333. The fair value adjustment from December 31, 2020 to June 30, 2021 was de-minimus.

In March 2021, the Bridge notes and the bridge note warrants were issued and the convertible note warrant terms were set. See Note 5. Their initial fair value were determined to be approximately $2,000,000, $1,552,400 and $894,113, respectively. In the quarter ended June 30, 2021, additional Bridge notes and bridge note warrants were issued. Their initial fair value were determined to be approximately $3,000,000 and $2,230,679, respectively.

The fair value adjustment to the Bridge notes, bridge note warrants, and the convertible note warrants from issuance through June 30, 2021 was de-minimus.

NOTE 7 - ASSET ACQUISITION AND IN-LICENSED TECHNOLOGY

Polytherapeutics:

On March 24, 2018, the Company entered into a securities purchase agreement (the “Acquisition Agreement”) in which it agreed to acquire all of the equity interests in Polytherapeutics, Inc. (the “Seller” or “Polytherapeutics”) for $40,833 and future royalties provided the Company commercializes products using the technology developed by the Seller. The terms of any royalty payments to the Seller are 4.0% of the net revenue of royalty products, as defined, received by Quoin during the ten (10) year period commencing from the date of first sale of a royalty product. If a generic product is introduced by a third party to the market, during the royalty period, the royalty fees shall be reduced from 4% to 2%. If, during the royalty period, two or more generic products are introduced, the royalty fees shall be reduced from 2% to 0%.

The Seller has the right to repurchase the intellectual property for $100,000 if there are no products in clinical development using such technology through June 30, 2021. As of June 30, 2021, there are no products utilizing this technology in clinical development. However, the Seller has not communicated any intention to repurchase the intellectual property.

The Company also entered into a research and consulting agreement which commits the Company to pay the former owner of Polytherapeutics for additional research and development consulting services (See Notes 11 and 13).

Skinvisible:

On October 17, 2019, the Company entered into an exclusive license agreement with Skinvisible Inc. ("Skinvisible") pursuant to which Skinvisible granted a license to use certain patented technology for the development of products for commercial sale in the orphan rare skin disease field, and for the use of a proprietary polymer deliver system technology. This technology is currently being used in the development of QRX003. In exchange for the license, the Company agreed to pay Skinvisible $1,000,000, as well as development and sales milestone payments and a single digit royalty on all net sales, as defined.

The development milestones required payments upon achieving development milestones for the first Rare Skin Disease drug product developed using the licensed technology and the first two Ketamine products, as defined. Payments are due upon successful completions of certain clinical milestones ($7.5 million) and obtaining US and EU regulatory approval ($15 million). The Sales milestones required for every licensed product commercialized by the Company are $10 million upon achievement of $100 million in sales being achieved in the annual period; $25 million upon achievement of $250 million in sales and $50 million upon the achievement of $400 million in sales in an annual period. No development milestones, sales milestones or royalty payments were due in 2020 or through June 30, 2021.

On January 27, 2021, the Company and Skinvisible entered into amendment number 3 to its license agreement. This amendment modified the clinical milestone payment requirements such that $750,000 would be payable to Skinvisible upon achievement of specified clinical milestones, and $21.75 million upon regulatory approval in the U.S. and EU respectively.

The license fee was originally due in two equal installments of $500,000 payable no later than December 31, 2019 and June 30, 2020, which were not paid and the agreement was amended for payment due on July 31, 2020. On July 31, 2020, the agreement was amended to further extend the payment until September 30, 2020. On September 30, 2020, the agreement was further amended, requiring payment of the license fee only when outside financing is received, as defined.

The agreement has a termination clause that is triggered if no product has commenced clinical testing 12 months after the date of the agreement or the latest subsequent amendment.

On April 19, 2021, the Company and Skinvisible entered into amendment number 4 which established the development deadline as December 31, 2022. Should the Company not commence clinical testing as defined by the development deadline, the license agreement will terminate immediately except in certain circumstances as specified in the agreement.

On June 21, 2021, the parties entered into amendment number 5 which modified the payment terms of the initial license fee - which required a payment of $107,500 (paid on June 26, 2021), a payment of $250,000 within 10 days of the Primary Financing, and the remaining $250,000 upon the earlier of approval of an Investigatory New Drug application by the FDA or December 31, 2021. This amendment also eliminated the $750,000 clinical milestone payments specified in amendment number 3 and reduced the milestone payment upon regulatory approval of product containing the Skinvisible technology in either the U.S. or E.U., whichever happens first to a total of $5,000,000.

At June 30, 2021 and December 31, 2020, the license acquisition liability due was $500,000 and $875,000 respectively.

NOTE 8 - INTANGIBLE ASSETS

Intangible assets are as follows:

	June 30, **2021**	December 31, **2020**
Acquired technology - Polytherapeutics	**$ 40,433**	$ 40,433
Technology license – Skinvisible	**1,000,000**	1,000,000
Total cost	**1,040,433**	1,040,433
Accumulated amortization	**(179,807)**	(127,785)
Net book value	$ 860,626	$ 912,648

The Company recorded amortization expense of $26,011 in the three months ended June 30, 2021 and 2020. The Company recorded amortization expense of $52,022 in the six months ended June 30, 2021 and 2020. Amortization expense for each of the next 5 years is expected to be approximately $104,000, and then approximately $341,000 thereafter.

NOTE 9 - ACCRUED EXPENSES

Accrued expenses are as follows:

	June 30, 2021	**December 31, 2020**
Professional fees	**$ 56,296**	$ 173,095
Investor Relation firm fees (note 11)	**528,000**	528,000
Payroll taxes (note 10)	**165,234**	148,899
Research contract expenses (note 11)	**50,602**	105,052
Other expenses	**5,800**	5,802
Total	**$ 805,932**	$ 960,847

NOTE 10 - RELATED PARTY TRANSACTIONS

Employment agreements and Due to Officers/Founders:

In March 2018, the Company executed employment agreements with both of its officers/founders. The employment agreements for both officers/founders allow for a onetime expense that covers the salaries they would have otherwise been paid for efforts they undertook in the periods since inception. The salaries and benefits allowances provided for under the employment agreements began to accrue as the services were being provided by the officers/founders and are included in Due to Officers on the accompanying balance sheet.

Amounts due to the officers/founders consists of amounts specified in the employment agreements since inception to December 31, 2020 and June 30, 2021 as well as reimbursable travel and other amounts paid to third parties on behalf of the Company. The Company repaid $154,466 and $0 of such amounts due to officers/founders in the six months ended June 30, 2021 and 2020, respectively.

Amounts due to officers at June 30, 2021 and December 31, 2020 consisted of the following:

	June 30, 2021	December 31,2020
Salaries and allowances	$ **3,973,500**	$ 3,984,000
Invoices paid on behalf of the Company	**859,800**	864,480
Purchase of Polytherapeutics assets	**40,433**	40,433
Total	**$ 4,873,733**	**$ 4,888,913**

See Note 4 for related party debt and Note 11 for employment agreements.

NOTE 11 – RESEARCH, CONSULTING AGREEMENTS AND OTHER COMMITMENTS

Research and consulting agreement:

The Company entered into a research and consulting agreement (the “Research Agreement”) which commits the Company to pay the former owner of Polytherapeutics (the “Consultant”) to transfer the technical know-how of Polytherapeutics with respect to (i) good manufacturing practices (“GMP”), clinical and commercial manufacturing of the Company’s PolyDur polymer and (ii) formulation development of products utilizing the Company’s PharmaDur polymer (See Note 7). The agreement required monthly consulting payments of $20,833 beginning on July 31, 2018 and ending February 28, 2021 (the “Post-Closing Period”) for a total of $666,667 over the consulting period. Pursuant to an amendment, the Post-Closing Period was revised to terminate on December 31, 2020.

NOTE 11 – RESEARCH, CONSULTING AGREEMENTS AND OTHER COMMITMENTS (CONTINUED)

Research and consulting agreement: (continued)

If the Company fails to make monthly payments under the Research Agreement and the Acquisition Agreement or the royalty payments described in Note 7, the Seller has the option to buy back all the intangible assets included in the agreement for $1.00. Further, if the Company fails to enter a product covered by the Acquisition Agreement into clinical development by the end of the Post-Closing Period, the Seller has the option to buy the rights to commercialize said products for $100,000. As of June 30, 2021 there are no products utilizing this technology in clinical development. The Seller has not communicated any intent to buy the product from the Company as of the financial statement issuance date.

Through June 30, 2021 and the financial statement issuance date, the Company has not made any payments, the Consultant has not performed any services and the Company has not incurred or accrued for any expenses. See Note 13 for Consultant's notification of breach of contract.

Other research consulting agreements:

The Company entered into three consulting agreements with Axella Research LLC to provide regulatory and pre- clinical/clinical services to the Company with respect with QRX 003 and QRX004. The combined fees of the three agreements are approximately $270,000, payable as milestones under the three agreements are met. Further, the Company has two options to pay the milestones due 1) one half in equity of the Company (at a pre-negotiated valuation) and one-half in cash or 2) entirely in cash, in which case a discount of approximately 20% would be applicable. The Company recognized research and development expenses for services provided and milestones met of $0 and $49,890 for the three and six months ended June 30, 2021 and 2020, respectively. The Company has accrued expenses of $50,602 and $105,052 at June 30, 2021 and December 31, 2020, respectively. The Company has not determined whether shares will be issued in lieu of cash for such remaining liability.

Consulting agreements:

The Company entered into a consulting agreement with an Investor Relations (IR) firm, which provides for a monthly fee of $14,000. The agreement has an automatic annual renewal clause and has been in effect since November 2017. The Company continues to receive services and make monthly payments but owes the IR firm $528,000 as of June 30, 2021 and December 31, 2020, which is included in accrued expenses in the accompanying balance sheet.

In November 2020 the Company entered into a Master Service Agreement for an initial term of 3 years with Therapeutics Inc. for managing preclinical and clinical development for new products in the field of dermatology. The agreement requires the execution of individual work orders. The Company may terminate any work order for any reason with 90 days written notice subject to costs incurred through termination and a defined termination fee, unless there is a material breach by Therapeutics Inc. The first work order was entered into in late 2020 for an expected estimated cost of approximately $3.5 million. For the three and six months ended June 30, 2021, the Company incurred approximately $120,000 and $200,000 of research and development costs from such vendor.

Employment agreements:

The employment agreements entered into by the Company with its two founders/officers provides for a combined base salary, including monthly allowances, of $996,000 per annum, a discretionary bonus and certain allowances and benefits. In the event of termination of the two founders/officers for reason other than cause, as defined in the employment agreements, the founders shall be entitled to two years of based salary and bonus. See Note 10– related party transactions.

Performance milestones and Royalties:

See Note 7 for asset and in-licensed technology commitments.

NOTE 12 - COMMON STOCK

The Company's authorized capital stock consists of 10,000 shares of common stock. On March 5, 2018, in connection with the incorporation as a Delaware corporation, the Company issued 100 shares for a consideration of $100 split equally between the two founders and officers of the Company. In February 2021, the Board of Directors of the Company approved an amendment to the articles of incorporation to authorize 10 million shares of common stock and to effectuate a 10,000 - 1 forward stock split. All share and per share numbers in the financial statements have been retroactively reflected in all periods presented.

The Company's common stock is entitled to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all shares of common stock that are present in person or represented by proxy, subject to any voting rights granted to holders of any preferred stock. A vote by the holders of a majority of the Company's outstanding shares is required to effectuate certain fundamental corporate changes such as a liquidation, merger or an amendment to the Company's articles of incorporation.

The holders of shares of common stock will be entitled to such cash dividends as may be declared from time to time by the Company's board of directors from funds available therefor.

In the event of any merger or consolidation of the Company with or into another company in connection with which shares of the Company's common stock are converted into or exchangeable for shares of stock, other securities or property (including cash), all holders of the Company's common stock will be entitled to receive the same kind and amount of shares of stock and other securities and property (including cash). Holders of the Company's common stock have no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to the Company's common stock.

NOTE 13 - CONTINGENCIES

From time to time, the Company may become involved in various legal matters arising in the ordinary course of business. Management is unaware of any matters requiring accrual for related losses in the financial statements.

In February 2020, the seller of the equity interests in Polytherapeutics and party to the Research Agreement communicated with the Company threatening litigation for non-payment and related breach of contract and immediate payment of all monthly payments in the amount of $666,667. See Notes 7 and 11. The Consultant has not provided any services and other technical requirements under the agreements, and therefore is considered to be in breach of contract. The Company and the Consultant have had communications with respect to the duration, commencement date and payment of the consulting services, but a revised agreement has not been reached. No lawsuits have been filed as of the financial statement issuance date. Should a formal claim or lawsuit be filed, the Company believes it has meritorious defenses.

NOTE 14 - SUBSEQUENT EVENTS

Completion of Merger

On October 28, 2021, Quoin Pharmaceuticals Ltd., formerly known as Cellect Biotechnology Ltd. , completed the business combination with Quoin, in accordance with the terms of the Merger Agreement, by and among the Cellect, Quoin and CellMSC, Inc., a Delaware corporation and wholly-owned subsidiary of Cellect (“Merger Sub”), pursuant to which Merger Sub merged with and into Quoin, with Quoin surviving as a wholly-owned subsidiary of the Company. Immediately after completion of the Merger, Cellect changed its name to “Quoin Pharmaceuticals Ltd.” (“Quoin Ltd.”), and began trading on the Nasdaq Capital Market under the symbol “QNRX” on October 29, 2021.

Under the terms of the Merger Agreement, Cellect issued ADS’s to the holders of common stock of Quoin. Immediately after the Merger, there were approximately 8,346,080 ADS’s issued and outstanding which include 64,784 ADS’s from the conversion of the Convertible Promissory Notes, 3,003,652 for the Quoin shareholders as of June 30, 2021, 1,001,392 for the Cellect shareholders immediately prior to the merger, and an aggregate of 4,276,252 for the Investor, consisting of 833,773 delivered to the Investor on or after the Merger closing and 3,442,479 held in an escrow account for the benefit of the Investor as per the terms of the Securities Purchase Agreement.

The former holders of common stock of Quoin (including shares delivered to the Investor and the escrow account for the Investor) owned, in the aggregate, approximately 88% of the ADS’s, with Cellect’s stockholders owning approximately 12% . The number of ADS’s issued to the holders of Quoin common stock outstanding immediately prior to the Merger was calculated using an exchange ratio (the “Exchange Ratio”) of approximately 12.0146 ADS’s for each share of Quoin common stock.

In addition, pursuant to the terms of the Purchase Agreement, Quoin Ltd. issued to the Investor warrants to purchase 1,238,429 ADS's (the "Exchange Warrants") at an exercise price of $3.98 per ADS, in exchange of Warrants issued by Quoin to the Investor in connection with the Bridge Financing. The Exchange Warrants and ordinary shares underlying the Exchange Warrants were registered with the SEC on the Registration Statement on Form F-4. An amendment to the Exchange Warrants was consummated in September 2021 which replaced the reset provisions with a fixed number of shares and exercise price as set out above.

In addition, pursuant to the terms of the 2020 Notes, the Company is obligated to exchange the existing warrants for warrants on the same terms as the Investor Series A Warrants, exercisable for 300,485 ADS's at an initial exercise price of $3.98 per ADS.

Private Placement Transaction

On October 28, 2021, the private placement transaction with the Investor for an aggregate purchase price of approximately $17.0 million (comprised of (x) approximately $5 million of senior secured notes issued in connection with the bridge loan that the Investor made to Quoin at the time of the execution of the Merger Agreement (the Bridge Financing), and (y) approximately $12 million in cash from the Investor) was closed.

In addition, Quoin Ltd. will issue to the Investor, on the 136th trading day following the consummation of the Merger (i) Series A Warrant to purchase ADS's (the "Series A Warrant") (ii) Series B Warrant to purchase ADS's (the "Series B Warrant") and (iii) Series C Warrant to purchase ADS's ("Series C Warrants" and, together with the Series A Warrant and Series B Warrant, the "Investor Warrants").

Employment and Other Agreements

In November 2021, the Board of Directors of the Company approved amendments to the employment agreements disclosed in Note 11 setting base level compensation and bonus terms. Further a transaction bonus related to the Merger aggregating approximately $324,000 was paid to the two founders in November 2021.

In November 2021 the Company appointed and entered into an employment agreement with its Chief Financial Officer which provides for a base salary of $360,000 per annum, a discretionary bonus and certain allowances and benefits.

In November 2021, the Company entered into a commitment for research related services associated with Netherton Syndrome of approximately $250,000 for an expected period of eighteen months.

In November 2021, the Company entered into two license and supply agreements, whereby the Company will receive a royalty or other proceeds from the sale of specified product revenues in select non-US markets from the licensor, if and when the underlying products are approved and commercialized.

QUOIN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to help the reader understand our results of operations and financial condition and should be read in conjunction with Quoin financial statements and related notes included elsewhere in this Form 6-K, as well as in Form 6-K of Quoin Pharmaceuticals Ltd. ("Quoin Ltd."), formerly known as Cellect Biotechnology Ltd. ("Cellect"), dated August 13, 2021 ("August 6-K"). Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States and are presented in U.S. dollars. Unless context indicates or suggests otherwise, "we", "our", "us", "Quoin" and the "Company" in this section refers to the consolidated operations of Quoin Pharmaceuticals, Inc.

Forward-Looking Statements

The following discussion contains forward-looking statements. Forward-looking statements may be identified by the use of words referencing future events or circumstances such as "expect," "intend," "plan," "anticipate," "believe," and "will," among others. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements are based upon Quoin's expectations and involve assumptions that may never materialize or may prove to be incorrect. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of various risks and uncertainties. More detailed information about the risks and uncertainties affecting Quoin is contained under the heading "Risk Factors" included in the August 6-K and in other filings Quoin Pharmaceuticals Ltd. has made and may make with the Securities and Exchange Commission in the future. One should not place undue reliance on these forward-looking statements, which speak only as of the date on which they were made. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Quoin undertakes no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they were made, except as may be required by law.

Overview

We are an emerging pharmaceutical company dedicated to the development and commercialization of therapeutic products that treat rare and orphan diseases for which there are currently no approved treatments. Quoin's first lead product, QRX003, is a once daily topical lotion which is under development as a potential treatment for Netherton Syndrome, a rare hereditary skin disease. We are targeting initiating clinical development of QRX003 in Netherton Syndrome patients in the first half of 2022. In addition to Netherton Syndrome, we intend to pursue the clinical development of QRX003 in other rare dermatological diseases including Peeling Skin Syndrome, SAM Syndrome, Palmoplantar Keratoderma and Epidermolysis Bullosa.

Our objective is to develop and commercialize proprietary therapeutic drug products. To this effect, we intend to develop and seek marketing approvals from the FDA and other worldwide regulatory bodies for rare and orphan diseases. To achieve these objectives, we plan to:

- seek the necessary regulatory approvals to complete the clinical development of QRX003 and, if successful, file for marketing approval in the United States and other territories;
- prepare to commercialize QRX003 by establishing our own sales infrastructure in the U.S. and Europe and entering into distribution partnerships in other territories such as Canada, Australia, the Middle East and Asia; and
- Pursue business development activities by seeking partnering, licensing, merger and acquisition opportunities or other transactions to further expand our pipeline and drug-development capabilities and which take advantage of our financial resources for the benefit of increasing stockholder value.

The ultimate impact of the COVID-19 pandemic is still uncertain and subject to change. To the extent possible, we are conducting business as usual, with necessary or advisable modifications to employee travel and with all of our employees and consultants working remotely. We will continue to actively monitor the continually evolving situation related to COVID-19 and may take further actions that alter our operations, including those that may be required by federal, state or local authorities, or that we determine are in the best interests of our employees and other third parties with whom we do business.

Key and Recent Events

Completion of Merger

On October 28, 2021, Cellect completed the business combination with Quoin, in accordance with the terms of the Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), by and among Cellect, Quoin and CellMSC, Inc., a Delaware corporation and wholly-owned subsidiary of Cellect ("Merger Sub"), pursuant to which Merger Sub merged with and into Quoin (the "Merger"), with Quoin surviving as a wholly-owned subsidiary of the Company. Immediately after completion of the Merger, Cellect changed its name to "Quoin Pharmaceuticals Ltd.".

Under the terms of the Merger Agreement, Cellect issued ADS's to the holders of common stock of Quoin. Immediately after the Merger, there were approximately 8,346,080 ADS's issued and outstanding which include 64,784 ADS's from the conversion of the Convertible Promissory Notes, 3,003,652 for the Quoin shareholders as of June 30, 2021, 1,001,392 for the Cellect shareholders immediately prior to the merger, and an aggregate of 4,276,252 for the Investor, consisting of 833,773 delivered to the Investor on or after the Merger closing and 3,442,479 held in an escrow account for the benefit of the Investor as per the terms of the Securities Purchase Agreement. . On each Reset Date, if the Initial Primary Price Per Share is less than the Reset Price, the Investor will receive shares from escrow such that the effective price per share of all Primary Financing Shares received by such Investor will be equal to the Reset Price. Any Additional Purchased Shares not delivered to the Investor from escrow will be returned following the last Reset Date, as such terms are defined in the Securities Purchase Agreement.

Upon the completion of the Merger, former holders of common stock of Quoin (including shares delivered to the Investor and the escrow account for the Investor) owned, in the aggregate, approximately 88% of the ADS's, with Cellect's stockholders owning approximately 12% . The number of ADS's issued to the holders of Quoin common stock outstanding immediately prior to the Merger was calculated using an exchange ratio (the "Exchange Ratio") of approximately 12.0146 ADS's for each share of Quoin common stock.

In addition, pursuant to the terms of the Securities Purchase Agreement, dated as of March 24, 2021, Quoin Ltd. issued to the Investor warrants to purchase 1,238,429 ADS's (the "Exchange Warrants") at an exercise price of $3.98 per ADS with full ratchet protection, in exchange of Bridge Warrants issued by Quoin to the Investor in connection with the second bridge financing described below. The Exchange Warrants and ordinary shares underlying the Exchange Warrants were registered with the SEC on the Registration Statement on Form F-4. Terms of the Exchange Warrants were amended in September 2021, and the reset provisions were replaced with a fixed number of shares and exercise price as set out below.

In addition, pursuant to the terms of the 2020 Notes, the Company is obligated to exchange the existing warrants for warrants on the same terms as the Investor Series A Warrants, exercisable for 300,485 ADS's at an initial exercise price of $3.98 per ADS.

Completion of Private Placement Transaction

On October 28, 2021, the private placement transaction with the Investor for an aggregate purchase price of approximately $17.0 million (comprised of (x) approximately $5 million of senior secured notes issued in connection with the bridge loan that the Investor made to Quoin at the time of the execution of the Merger Agreement (the "Bridge Financing"), and (y) approximately $12 million in cash from the Investor) was closed.

In addition, Quoin Ltd. will issue to the Investor, on the 136th trading day following the consummation of the Merger (i) Series A Warrant to purchase ADS's (the "Series A Warrant") (ii) Series B Warrant to purchase ADS's (the "Series B Warrant") and (iii) Series C Warrant to purchase ADS's ("Series C Warrant" and, together with the Series A Warrant and Series B Warrant, the "Investor Warrants"). The terms of the Investor Warrants were amended in September 2021, and the reset provisions were replaced with a fixed number of shares and exercise price. The Series A Warrant, Series B Warrant and Series C Warrant each allows the Investor to acquire 4,276,252, 4,276,252 and 2,389,670, respectively, of ADSs, at the adjusted ratio of 400 ordinary shares per ADS. The warrant exercise price for the Investor Warrants is $3.98 per ADS. Upon the exercise of the Series C Warrant in full, the Investor will be granted an additional Series A Warrant to purchase 2,389,670 ADSs and an additional Series B Warrant to purchase 2,389,670 ADSs.

Prior Financing Arrangements

Initial bridge financing

On October 2, 2020, the Company commenced an offering of up promissory notes (the "2020 Notes") and warrants. There were no finders fees associated with this agreement, although the Company was obligated to pay up to $75,000 of investors' legal expenses. From October through December 2020, the Company received an aggregate of approximately $910,000 in the initial bridge financing, and issued 2020 Notes with an aggregate face value of $1,213,333. Approximately 22% of the initial bridge financing was received from parties who are related to or affiliated with members of the Company's board of directors.

The 2020 Notes had a 25% original issue discount and interest rate of 20% per annum. In April and May 2021, each of the holders of the 2020 Notes signed waivers agreeing to waive their rights to receive Series A, B, and C warrants issuable by Cellect. Each 2020 Note was maturing one year from the date of issuance.

Upon the completion of the Merger, based upon the terms agreed to in March 2021 in the Primary Financing, described above, the 2020 Notes converted into 64,784 ordinary shares (as adjusted for the Merger-exchange ratio) based on the valuation of $15.90 per share (as adjusted for the Merger exchange ratio) negotiated in the Primary Financing.

The above referenced warrants are exercisable for a number of shares of the Company's common stock that equates to 100% of the "as if converted" shares as if the 2020 Notes were convertible at the lowest price any securities are sold, convertible, or exercisable into in the Primary Financing or the next round of financing (whichever is lower). Upon completion of the Primary Financing, the Company is obligated to exchange the warrants for warrants on the same terms as the Investor Series A Warrants, as described above.

Second bridge financing

On March 24, 2021, Quoin and the Investor entered into the Bridge Securities Purchase Agreement, pursuant to which, among other things, the Investor agreed to purchase from Quoin Notes in an aggregate principal amount of $5.0 million (in exchange for an aggregate purchase price of $3.75 million). Pursuant to the terms of the Bridge SPA, the Investor agreed to purchase the Notes in three closings: (i) the first closing for $2.0 million in aggregate principal amount (in exchange for an aggregate purchase price of $1.50 million), which closed on March 25, 2021; (ii) the second closing for $1,666,666.67 in aggregate principal amount (in exchange for an aggregate purchase price of $1.25 million), which closed on April 23, 2021; and (iii) a third closing for $1,333,333.34 in aggregate principal amount (in exchange for an aggregate purchase price of $1.0 million), which closed on May 24, 2021. The Notes bear interest at a rate of 15% per annum (25% premium upon the occurrence of an event of default thereunder) and are repayable upon the earlier of (i) December 25, 2021, (ii) the date on which Quoin's equity is registered under the Exchange Act or is exchanged for equity so registered or (iii) immediately prior to the closing of the Merger. The Notes are secured by a lien on all of Quoin's assets.

The Bridge Notes were offset against the purchase price under the Securities Purchase Agreement and converted into up to 1,257,721 ADS's (as adjusted for the Merger exchange ratio, and including shares held in escrow for the benefit of the investor) upon closing of the Securities Purchase Agreement.

Warrants

Pursuant to the Bridge SPA, the Investor was entitled to Bridge Warrants to purchase Quoin shares of common stock having an aggregate value of $5.0 million and with an initial exercise price reflecting a $56.25 million fully-diluted pre-Merger valuation of Quoin, subject to certain downward adjustments. Pursuant to the Merger Agreement, the Bridge Warrants were exchanged for Exchange Warrants, as described above.

Commercial bank financing arrangement

The Company has entered into a non-binding letter of intent for a venture loan from a commercial bank. Draw downs on this facility will be dependent upon the Company meeting certain clinical and financing milestones. No draw downs have occurred through the date of these financial statements.

Licensing agreements

Quoin entered into (i) a License and Distribution Agreement, dated as of November 5, 2021 (the "AFT License Agreement"), and (ii) a Supply Agreement, dated as of September 15, 2021 (the "AFT Supply Agreement"), with AFT Pharmaceuticals Ltd., a New Zealand company ("AFT"). Under the terms of the AFT License Agreement, AFT has exclusive rights to commercialize pharmaceutical product QRX003 (the "Product") in Australia and New Zealand, upon the receipt of regulatory approvals in both territories. Upon approval and launch of the Product, Quoin will be entitled to a 20% royalty on net sales of the Product in Australia and New Zealand. Under the AFT Supply Agreement, Quoin is obligated to manufacture and supply the Product to AFT.

Quoin entered into (i) a License and Distribution Agreement (the "Genpharm License Agreement") and (ii) a Supply Agreement (the "Genpharm Supply Agreement"), each dated as of November 7, 2021, with Genpharm Services FZ LLC, a United Arab Emirates company ("Genpharm"). Under the terms of the Genpharm License Agreement, Genpharm has exclusive royalty-free rights to commercialize the Product in the Middle East and North Africa region, upon the receipt of regulatory approvals in both territories. Under the Genpharm Supply Agreement, Quoin is obligated to manufacture and supply the Product to Genpharm.

Going Concern

Our financial statements have been presented on the basis that the Company is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. We have not generated any revenues from operations since inception, and do not expect to do so in the foreseeable future. We have experienced operating losses and negative operating cash flows since inception, and expect to continue to do so for at least the next few years. We have financed our working capital requirements to date by our founders personally paying for Company expenses, the issuance of the bridge notes and the Private Placement transaction discussed above. On June 30, 2021, we had cash totaling approximately $1,721,000 and an accumulated deficit of approximately $14,800,000. Therefore, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year of the date the accompanying financial statements were issued.

Our ability to continue as a going concern is dependent on our ability to raise additional capital to fund our business activities, including our research and development programs. Our objective is to develop and commercialize therapeutic products that treat rare and orphan diseases, but there can be no assurances that we will be successful in this regard. As a result of the Merger, we may raise capital through additional issuances of ordinary shares or notes of Quoin Ltd. In addition, we may negotiate and draw down on the commercial bank financing arrangement. However, we may not be able to obtain additional financing on acceptable terms and in the amounts necessary to fully fund our future operating requirements. If we are unable to obtain sufficient capital to fund our operations, we may be forced to reduce or discontinue our operations entirely. Our financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Because we are currently engaged in research at a relatively early stage, it will take a significant amount of time and resources to develop any product or intellectual property capable of generating sustainable revenues. Accordingly, our business is unlikely to generate any sustainable operating revenues in the next several years, and may never do so. In addition, to the extent that we are able to generate operating revenues, there can be no assurances that we will be able to achieve positive earnings and operating cash flows.

Critical Accounting Policies and Use of Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses, valuation allowance on deferred tax assets and valuation of intangible assets. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in more detail in the notes to our financial statements appearing elsewhere in this Form 6-K.

Financial Operations Overview

Since our incorporation, our operations have primarily been limited to licensing assets and seeking financing required for our clinical programs. We did not raise any external financing until October 2020.

The following table sets forth our results of operations for the six months ended June 30, 2021, compared to the six months ended June 30, 2020:

Six months ended June 30,

	2021	2020	Change
Operating Expenses			
General and administrative	**$ 1,482,583**	$ 647,020	$ 853,563
Research and development	**296,068**	101,912	194,156
Total operating expenses	**1,778,651**	748,932	1,029,719
Other Expenses			
Fair value adjustment to bridge note payable	**1,250,000**		1,250,000
Warrant liability expense	**4,669,652**		4,669,652
Financing expense	**275,000**		275,000
Interest expense	**268,111**	—	268,111
Total other expenses	**6,462,763**		2,642,463
Net loss	**(8,241,414)**	(748,932)	(7,492,482)

The following table sets forth our results of operations for the three months ended June 30, 2021, compared to the three months ended June 30, 2020:

Three months ended June 30,

	2021	2020	Change
Operating Expenses			
General and administrative	**$ 737,610**	$ 324,185	413,425
Research and development	**239,280**	26,011	213,269
Total operating expenses	**976,890**	350,196	626,694
Other Expenses			
Fair value adjustment to bridge note payable	**750,000**	-	750,000
Warrant liability expense	**2,223,139**	-	2,223,139
Financing expense	**185,000**	-	185,000
Interest expense	**202,514**	-	202,514
Total other expenses	**2,610,653**		2,610,653
Net loss	**(4,337,543)**	(350,196)	(3,987,347)

Revenue

We have not generated, and we do not expect to generate, any revenue from the sale of any products unless or until we obtain regulatory approval of and commercialize any of our products.

Research and development expenses

Research and development costs are expensed as incurred. Research and development expenses include the use of third party contractors to perform research, conduct clinical trials and manufacture drug supplies and materials. The Company accrues for costs incurred by external service providers, including CROs and clinical investigators, based on its estimates of service performed and costs incurred.

Our research and development expenses during the six months ended June 30, 2021 and June 30, 2020 were approximately $296,000 and $102,000, respectively, representing an increase of $194,000, or approximately 190%. Our research and development expenses during the quarter ended June 30, 2021 and June 30, 2020, were approximately $239,000 and $26,000, respectively, representing an increase of approximately $213,000, or approximately 900%. The increase in both periods was primary due to increased expenditures on our development programs. We expect to significantly increase our research and development efforts by conducting the remaining studies necessary for the development and approval of QRX003. We entered into a $3,500,000 commitment with a vendor for research and development services in November 2020. Future research and development expenses may include:

- employee-related expenses, such as salaries, bonuses and benefits, consultant-related expenses, share-based compensation, overhead related expenses and travel related expenses for our research and development personnel;
- expenses incurred under agreements with CROs, as well as consultants that support the implementation of the clinical studies described above;
- manufacturing and packaging costs in connection with conducting clinical trials and for stability and other studies required to support the NDA filing as well as manufacturing drug product for commercial launch;
- formulation, research and development expenses related to QRX003; and other products we may choose to develop; and
- costs for sponsored research.

Research and development activities will continue to be central to our business plan. Products in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect our research and development expenses to be significant over the next several years as personnel and compensation costs increase and we conduct late stage clinical studies and prepare to seek regulatory approval for QRX003 and any other future product.

The duration, costs and timing of clinical trials of QRX003 and any other future product will depend on a variety of factors that include, but are not limited to:

- the number of trials required for approval;
- the per patient trial costs;
- the number of patients that participate in the trials;
- the number of sites included in the trials;
- the countries in which the trial is conducted;
- the length of time required to enroll eligible patients;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- the potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up;
- the timing and receipt of regulatory approvals; and
- the efficacy and safety profile of our product candidates.

General and administrative expenses

General and administrative expenses consist primarily of compensation for the two founders who have an aggregate fixed combined salary and benefits of approximately $1.0 million per year and professional fees, and other corporate expenses. General and administrative expenses were approximately $1.5 million and $0.6 million, in the six months ended June 30, 2021 and June 30, 2020, respectively, representing an increase of $854,000, or 129%. General and administrative expenses were approximately $738,000 and $324,000 in the quarter ended June 30, 2021 and June 30, 2020, respectively, representing an increase of $413,000 or 128%. The increases in both periods were primarily related to professional fees associated with the Merger.

We anticipate that our general and administrative expenses will increase in the future to support our continued research and development activities. These increases will likely include increased costs related to the hiring of personnel, including compensation and employee-related expenses, and fees to outside consultants, lawyers and accountants. Additionally, we anticipate increased costs associated with being a public company, including compliance with The Nasdaq Capital Market and SEC requirements, insurance and investor relations costs.

Amortization of intangible assets

We amortize licensed or acquired intellectual property over its expected useful life. The license from Skinvisible was obtained in October 2019. Amortization of intangible assets was $52,000 in each of the six months ended June 30, 2021 and June 30, 2020. Amortization of intangible assets was $26,000 in each of the three months ended June 30, 2021 and June 30, 2020.

Interest expense

In the fourth quarter of 2020, we issued convertible promissory notes in an initial bridge financing with an aggregate face value of $1,213,333 (the “2020 Notes”) with a 20% coupon interest and in the six months ended June 30, 2021 we issued additional convertible promissory notes in a subsequent bridge financing (the “Bridge Notes”) with an aggregate face value of $5,000,000 with a 15% coupon interest. Interest expense accrued was $268,000 and $203,000 in the six and three months ended June 30, 2021, respectively. We did not have any interest expense in the six months ended June 30, 2020.

Fair value adjustment to convertible notes payable

The Company elected to value the 2020 Notes and the Bridge Notes at fair value, which will be remeasured at each reporting period. In the six months ended June 30, 2021 and in the quarter ended June 30, 2021 we incurred a fair value adjustment of $1,250,000 and $750,000, respectively, related to the Bridge Notes. We did not have any such expense in the three and six months ended June 30, 2020.

Warrant liability expense

The Company records its warrants at fair value, which will be remeasured at each reporting period. In six months ended June 30, 2021 and the quarter ended June 30, 2021, we incurred a fair value adjustment of $4,670,000 and $2,223,000, respectively, related to the warrants associated with the 2020 Notes and Bridge Notes. We did not have any such expense in the six months and the quarter ended June 30, 2020.

Equity-Based Compensation Expense

We have not issued stock options to purchase our common stock to employees and consultants. We expect to approve a stock option plan and issue stock options after the Merger is consummated.

Income Taxes

For the six and three months ended June 30, 2021 and 2020, no income tax expense or benefit was recognized. Our deferred tax assets are comprised primarily of net operating loss carryforwards. We maintain a full valuation allowance on our deferred tax assets since we have not yet achieved sustained profitable operations. As a result, we have not recorded any income tax benefit since our inception.

Net Loss

We recorded a net loss of $8.2 million in for the six months ended June 30, 2021, as compared to a net loss of $700,000 for the six months ended June 30, 2020, representing an increase of $7.5 million. We recorded a net loss of $4.3 million in the quarter ended June 30, 2021, as compared to a net loss of $400,000 for the quarter ended June 30, 2020, representing an increase of $4.0 million. The increase in net loss in each period was primarily due to financing related charges aggregating $6.5 million and $2.6 million in the six and three month periods ended June 30, 2021, as well increases in research and development expense and general and administrative expense in both the six and three month periods as the Company used more resources to develop and implement its business plan.

Liquidity and Capital Resources

Overview

For the period from inception through June 30, 2021, we had an accumulated deficit of $14.8 million. As of June 30, 2021, we had cash of $1.7 million. We do not expect to have positive cash flow for the foreseeable future. On October 28, 2021 we completed the Merger and the Primary Financing providing for up to $25.25 million in funding from the Investor, inclusive of the convertible Notes issued under the Bridge SPA that were converted and assuming the mandatory exercise of Series C Warrants. Management estimates that funding under the Bridge SPA and Purchase Agreement will provide funding for our ongoing business activities into the third quarter of 2022, unless the warrants are exercised or the Company is able to execute and draw down on its expected banking facility. However, we have based this estimate on assumptions that may prove to be wrong. We may also deplete our capital resources sooner than we expect. Obtaining additional financing to support the research and development of the Company's therapeutic targets and its other operating requirements are necessary for the Company to continue operations. If the Company is unable to obtain additional funding, the development of its product candidates will be impacted and the Company would likely be forced to delay, reduce, or terminate some or all of its development programs, all of which could have a material adverse effect on the Company's business and the financial statements. For these reasons, there is substantial doubt about our ability to continue as a going concern for twelve months from the date of the accompanying financial statements.

We expect to continue to incur significant and increasing operating losses at least for the foreseeable future. We do not expect to generate product revenue unless and until we successfully complete development of and obtain regulatory approval for QRX003, or any other future products. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of planned clinical trials and our expenditures on other research and development activities. We anticipate that our expenses will increase substantially in 2021 as we advance the clinical development of QRX003 and begin to operate as a publicly traded company.

Future Funding Requirements

We will need to obtain further funding through other public or private offerings of our capital stock, debt financing, collaboration and licensing arrangements or other sources, the requirements for which will depend on many factors, including:

- the scope, timing, rate of progress and costs of our drug development efforts, preclinical development activities, laboratory testing and clinical trials for our product candidates;
- the number and scope of clinical programs we decide to pursue;
- the cost, timing and outcome of preparing for and undergoing regulatory review of our product candidates;
- the scope and costs of development and commercial manufacturing activities;
- the cost and timing associated with commercializing our product candidates, if they receive marketing approval;
- the extent to which we acquire or in-license other product candidates and technologies;

- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- our efforts to enhance operational systems and our ability to attract, hire and retain qualified personnel, including personnel to support the development of our product candidates and, ultimately, the sale of our products, following FDA approval;
- our implementation of operational, financial and management systems; and
- the costs associated with being a public company.

A change in the outcome of any of these or other variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of such product candidate. Furthermore, our operating plans may change in the future, and we will continue to require additional capital to meet operational needs and capital requirements associated with such operating plans.

Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of QRX003, any future product, or potentially discontinue operations.

To the extent that we raise additional capital through the sale of equity or convertible debt securities of Quoin Ltd., the ownership interest of equityholders of Quoin Ltd. will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of equityholders of Quoin Ltd. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting Quoin Ltd.'s ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or proposed products, or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts or grant rights to develop and market any future product that we would otherwise prefer to develop and market ourselves.

Summary Statement of Cash Flows

The following table sets forth a summary of our cash flows for the six months ended June 30, 2021 and 2020 (in thousands).

	Six Months Ended June 30,	
	2021	**2020**
Net cash used in operating activities	$ (1,633,744)	$ (542,406)
Net cash used in investing activities	(267,500)	—
Net cash provided by financing activities	3,298,011	542,406
Net increase in cash and cash equivalents	$ 1,396,550	$ —

Cash Flows from Operating Activities

Net cash used in operating activities was $1.6 million and $0.5 million for the six months ended June 30, 2021 and 2020, respectively, representing an increase of $1.1 million or approximately 201%. The increase was primarily due to payment of professional fees and payment of salaries to the two founders.

Cash Flows used in Investing Activities

Net cash used in investing activities was $268,000 for the six months ended June 30, 2021, and represents payments under the Skinvisible license agreement. We did not have any cash flows from investing activities for the six months ended June 30, 2020.

Cash Flows from Financing Activities

Net cash from financing activities was $3.3 million and $0.5 million during the six months ended June 30, 2021 and 2020, respectively. For the six months ended June 30,2021, such amounts represent proceeds from the issuance of Bridge Notes, offset in part by payment of deferred offering costs and other deferred costs. In the six months ended June 30, 2020, the founders of the Company funded the business through advances made by the founders to the Company of $542,406. For the six months ended June 30, 2021, the Company has begun to make partial payment of amounts due to Company officers, with a net decrease in the due to founders of $15,181.

Contractual Obligations and Other Commitments

We enter into contracts in the normal course of business with third-party contract organizations for clinical trials, preclinical studies, manufacturing and other services and products for operating purposes. These contracts generally provide for termination following a certain period after notice and therefore we believe that our non-cancelable obligations under these agreements are not material.

Regarding our contractual obligations and commitments under our agreement with Skinvisible, see Note 7 to the financial statements.

Research consulting agreements:

The Company entered into two consulting agreements with Axcella Research LLC to provide regulatory and pre-clinical/clinical services to the Company with respect with QRX003 and QRX004. The combined fees of the two agreements are approximately $270,000, payable as milestones under the two agreements are met. Further, the Company has two options to pay the milestone due (i) one half in equity of the Company (at a pre-negotiated valuation) and one-half in cash or (ii) entirely in cash, at a discount of approximately 20%. The Company recognized research and development expenses for services provided and milestones met of $0 and $49,890 for the three and six months ended June 30, 2021 and 2020, respectively. The Company accrued expenses of $50,602 and $105,052 at June 30, 2021 and December 31, 2020, respectively.

In November 2021, the Company entered into a commitment for research related services of approximately $250,000.

The Company entered into a consulting agreement in November 2020 for clinical and pre-clinical services aggregating $3,500,000, payable as specified services are incurred. The agreement is cancellable upon 90-day notice. For the three and six months ended June 30, 2021, the Company incurred approximately $120,000 and $200,000 of research and development costs from such vendor.

Other Consulting agreements:

The Company entered into a consulting agreement with an investor relations firm, which provides for a monthly fee of $14,000. The agreement has an automatic annual renewal clause and has been in effect since November 2017, and was terminated in October 2021. The Company continues to receive services and make monthly payments, but owed such firm $528,000 as of June 30, 2021 and December 31, 2020, which is included in accrued expenses in the Company balance sheet.

Employment agreements:

The employment agreements entered into by the Company with its two founders and executive officers provides for a combined base salary, including monthly allowances, of $996,000 per annum, a discretionary bonus and certain allowances and benefits. In the event of termination of the two founders and executive for reason other than cause, as defined in the employment agreements, the founders are entitled to two years of base salary and bonus. In November 2021, the Board of Directors of the Company approved amendments to the employment agreements disclosed in Note 11 setting base level compensation and bonus terms. Further a transaction bonus related to the Merger aggregating approximately $324,000 was paid to the two founders in November 2021.

In November 2021, the Company appointed and entered into an employment agreement with its Chief Financial Officer which provides for a base salary of $360,000 per annum, a discretionary bonus and certain allowances and benefits.

Research and consulting agreement:

The Company entered into a research and consulting agreement (the "Research Agreement") which requires the Company to pay the former owner of Polytherapeutics (the "Consultant") to transfer the technical know-how of Polytherapeutics with respect to (i) good manufacturing practices ("GMP"), clinical and commercial manufacturing of the Company's PolyDur polymer and (ii) formulation development of products utilizing the Company's PharmaDur polymer. The agreement required monthly consulting payments of $20,833 beginning on July 31, 2018 and ending February 28, 2021 (the "Post-Closing Period") for a total commitment of $666,667 over the consulting period. Pursuant to an amendment to such agreement, the Post-Closing Period was revised to terminate on December 31, 2020. The Company will not be required to make the monthly payments under the consulting agreement if the Consultant does not provide or stops providing consulting services as described in the research consulting agreement.

If the Company fails to make monthly payments under the Consulting Agreement or royalty payments, the Consultant has the option to buy back all the rights to certain products covered by the Acquisition Agreement for $1.00, and the Company is no longer required to make the remaining payments during the Post-Closing Period. Further, if the Company fails to enter a product covered by the Acquisition Agreement into clinical development by the end of the Post-Close Period, the Consultant has the option to buy the rights to commercialize said products for $100,000.

As of June 30, 2021, there were no products utilizing this technology in clinical development. The Consultant has not communicated any intent to buy the product from the Company as of the financial statement issuance date. Through June 30, 2021 and the financial statement issuance date, the Company has not made any payments, the Consultant has not performed any services and the Company has not incurred or accrued for any expenses.

In February 2020, the Consultant and seller of the equity interests in Polytherapeutics communicated with the Company threatening litigation for non-payment and related breach of contract and immediate payment of all monthly payments in the amount of $666,667. The Company believes that the Consultant has not provided any services and other technical requirements under the Agreements, and therefore is in breach of contract. The Company and the consultant have had communications with respect to the duration, commencement date and payment of the consulting services, but no revised agreements have yet been reached and no legal proceedings have been commenced as of the date hereof. The Company believes that its maximum exposure is the full amount of the payments under the Consulting Agreement (i.e. $667,000), although the timing of such payments and the commencement date and number of months that the Consultant may have to work may be subject to re-negotiation. Should a lawsuit be filed, the Company believes it has meritorious defenses.

Recently Issued Accounting Pronouncements

Accounting Pronouncements Yet to be Adopted

The Company has evaluated all recent accounting pronouncements and believes that none of them will have a material effect on the Company's financial position, results of operations or cash flows except as discussed below.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)*" which replaces the existing guidance in ASC 840 - *Leases*. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line total lease expense. This ASU is effective for fiscal years beginning after December 15, 2021 and for interim periods within those fiscal years. The Company will evaluate the impact of adoption of this ASU when it enters into a lease arrangement.

The FASB recently issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470- 20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, to reduce complexity in applying GAAP to certain financial instruments with characteristics of liabilities and equity. The guidance in ASU 2020-06 simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock. The guidance in ASC 470-20 applies to convertible instruments for which the embedded conversion features are not required to be bifurcated from the host contract and accounted for as derivatives. In addition, the amendments revise the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification. These amendments are expected to result in more freestanding financial instruments qualifying for equity classification (and, therefore, not accounted for as derivatives), as well as fewer embedded features requiring separate accounting from the host contract. The amendments in ASU 2020-06 further revise the guidance in ASC 260, *Earnings Per Share*, to require entities to calculate diluted earnings per share (EPS) for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. The amendments in ASU 2020-06 are effective for public entities that meet the definition of an SEC filer, excluding smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact this standard will have on its financial statements.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements.

Market Risk Considerations

As of June 30, 2021, we had cash of $1.7 million.

We are not currently exposed to significant market risk related to changes in foreign currency exchange rates. Our operations may be subject to fluctuations in foreign currency exchange rates in the future.

Inflation generally affects us by increasing our cost of labor. We do not believe that inflation had a material effect on our business, financial condition or results of operations during the six months ended June 30, 2021 and 2020.

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

We were a private company and our common stock was not listed or traded on any public market as of June 30, 2021. Immediately after the completion of the Merger, Cellect changed its name to "Quoin Pharmaceuticals Ltd." and began trading on the Nasdaq Capital Market under the symbol "QNRX" on October 29, 2021.