

Description of Collect Biotechnology Ltd Contingent Value Rights

On October 28, 2021, Collect Biotechnology Ltd. And Quoin Pharmaceuticals, Inc. completed a reverse merger. Immediately after completion of the Merger, the Company changed its name to "Quoin Pharmaceuticals, Ltd." and began trading on the Nasdaq Capital Market under the symbol "QNRX" on October 29, 2021.

Concurrently with the Merger, Collect completed the sale of its subsidiary, Collect Biotherapeutics Ltd., to EnCellX, Inc. a newly formed U.S. privately held company based in San Diego, CA with no affiliation to Quoin or Quoin Ltd. ("EnCellX"), and entered into a Contingent Value Rights Agreement (the "CVR Agreement") with Mr. Eyal Leibovitz, as the Representative for the holders of CVRs (the "Representative"), and Computershare Trust Company, N.A., a federally chartered trust company (the "Rights Agent").

Upon the closings of the Merger and Share Transfer, (i) the holders of Collect's ordinary shares immediately prior to the Merger, including the Depositary for the Company's ADS, became entitled to one CVR for each ordinary share outstanding, and (ii) the holders of warrants issued by Collect immediately prior to the Merger became entitled to one CVR for each ordinary share acquirable upon exercise of their warrants.

Holders of CVRs have the right to receive their pro-rata share of the following payments which may be due from EnCellX to the Company, all as further outlined in the Share Transfer Agreement: (i) during the Payment Period, an amount equal to 3.5% of all Net Sales of Products; (ii) a milestone payment of \$6,000,000 upon attainment of the first regulatory approval for the commercial manufacture, marketing and sale of the Product in the United States; (iii) a milestone payment of \$6,000,000 upon receipt of the first regulatory approval for the commercial manufacture, marketing and sale of the Product in the European Union; (iv) during the Payment Period, 20% of all License Revenues in excess of \$10,000,000, subject to a cap of \$16,000,000 in the aggregate and reduction by the amount of any milestone payment(s) previously paid; and (v) an exit fee of 33% of the consideration to be paid to Dr. Yarkoni and Mr. Mohanty in connection with an Exit Transaction, in the event an Exit Transaction occurs before February 28, 2023.

There is no assurance that any of the Share Transfer Consideration will be paid. The Company will not receive benefit from the Share Transfer Consideration as any payments received from EnCellX will be passed onto the holders of CVRs. The Company's liability under the CVRs only accrues if and when it has received, and will not exceed, payments of Share Transfer Consideration made by EnCellX.

CVRs will be recorded in a register administered by the Rights Agent but will not be certificated. CVRs may not be transferred, assigned or sold other than as permitted in the CVR Agreement. The CVRs do not represent an ownership right in EnCellX nor confer any rights on the holders thereof, except to receive their pro rata share of the net Share Transfer Consideration.

By accepting CVRs, the holders of the CVRs appoint, authorize and empower the Representative to be their exclusive agent and attorney-in-fact and to make all decisions

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and determinations with respect to actions of the CVR holders. The provisions detailing the duties, authority, liability and succession of Representatives are further described in the CVR Agreement.

The full details of the CVRs are set out in the Share Transfer Agreement and the CVR Agreement which are attached as Annex H and Annex I, respectively, to the Proxy Statement filed in connection with the merger which can be accessed [here](#).