Table of Contents

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, DC 20549**

# FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2021**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____ to _____**

**OR**

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _____

Commission File No.: 001-37846

**QUOIN PHARMACEUTICALS LTD.**
(Exact name of Registrant as specified in its charter)

**Not Applicable**
(Translation of Registrant's name into English)

| **State of Israel** | **Azrieli Center, Round Tower, 30th Floor**<br>**132 Menachem Begin Blvd**<br>**Tel Aviv, 6701101** |
|---|---|
| (Jurisdiction of incorporation or organization) | (Address of principal executive offices) |

**Dr. Michael Myers**
**Chief Executive Officer**
**(703) 980-4182**
**mmyers@quoinpharma.com**
**42127 Pleasant Forest Court**
**Ashburn, VA 20148-7349**
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading Symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| American Depositary Shares, each representing four hundred (400) Ordinary Shares, no par value per share | QNRX | The Nasdaq Stock Market LLC |
| Ordinary Shares, no par value per share* | N/A | |

* Not for trading, but only in connection with the registration of the American Depositary Shares pursuant to requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 3,354,650,799 ordinary shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

| Large accelerated filer ☐ | Accelerated filer ☐ | Non-accelerated filer ☒ |
|---|---|---|
| | | Emerging Growth Company ☐ |

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP ☒

International Financial Reporting Standards as issued by the International Accounting Standards Board ☐

Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

**TABLE OF CONTENTS**

## INTRODUCTION

Quoin Pharmaceuticals Ltd., formerly known as Cellect Biotechnology Ltd. ("Cellect"), is the holding company for Quoin Pharmaceuticals, Inc., a Delaware corporation ("Quoin Inc."). On October 28, 2021, Cellect completed the business combination with Quoin Inc., in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of March 24, 2021 (the "Merger Agreement"), by and among Cellect, Quoin Inc. and CellMSC, Inc., a Delaware corporation and wholly-owned subsidiary of Cellect ("Merger Sub"), pursuant to which Merger Sub merged with and into Quoin Inc., with Quoin Inc. surviving as a wholly-owned subsidiary of Cellect (the "Merger"). Immediately after completion of the Merger, Cellect changed its name to "Quoin Pharmaceuticals Ltd."

Quoin Inc. is a specialty pharmaceutical company focused on developing and commercializing therapeutic products that treat rare and orphan diseases. Its 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 this Annual Report, unless the context otherwise requires:

- references to "Quoin Ltd.," the "Company," "us," "we", "our" and the "Registrant" refer to Quoin Pharmaceuticals Ltd., an Israeli company, and its consolidated subsidiaries (unless otherwise indicated);
- references to "ordinary shares," "our shares" and similar expressions refer to the Registrant's ordinary shares, no par value per share;
- references to "dollars," "U.S. dollars" and "$" refer to the currency of the United States of America;
- references to the "Companies Law" refer to Israel's Companies Law, 5759-1999;
- references to the "SEC" are to the United States Securities and Exchange Commission; and
- references to the "Nasdaq Rules" are to rules of The Nasdaq Stock Market LLC.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included in this Annual Report on Form 20-F may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Forward-looking statements are often characterized by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "continue," "believe," "should," "intend," "project" or other similar words, but are not the only way these statements are identified.

These forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, statements that contain projections of results of operations or of financial condition, expected capital needs and expenses, statements relating to the research, development, completion and use of our products, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. We have based these forward-looking statements on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

Important factors that could cause actual results, developments and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things:

- our limited operating history and the difficulties encountered by a small developing company;
- our history of losses and needs for additional capital to fund our operations and our inability to obtain additional capital on acceptable terms, or at all;
- our lack of revenue generated from product sales since inception, and potential inability to be profitable;
- uncertainties of cash flows and inability to meet working capital needs;
- our ability to obtain regulatory approvals;
- our ability to obtain favorable pre-clinical and clinical trial results;
- our ability to identify and develop potential product candidates;
- additional costs or delays associated with unsuccessful clinical trials;
- the inability to predict the timing of revenue from a future product;
- the extensive regulatory requirements and future developmental and regulatory challenges we will still face even if we obtain approval for a product candidate;
- our ability to obtain or maintain orphan drug designation or exclusivity for our product candidates;
- our ability to obtain Rare Pediatric Disease designation for our product candidates;
- the potential oversight of programs or product candidates that may be more profitable or more successful;
- our technology may not be validated and our methods may not be accepted by the scientific community;
- the ability to conduct clinical trials, because of difficulties enrolling patients or other reasons;

- the requirements of being publicly traded may strain our resources;
- potential adverse effects resulting from failure to maintain effective internal controls;
- our obligations and governance practices as a "foreign private issuer" being different from those of U.S. domestic reporting companies may result in less protection for investors;
- our ability to comply with the applicable continued listing requirements of Nasdaq;
- the potential negative impact on our securities price and trading volume if securities or industry analysts do not publish reports about us or if they adversely change their recommendations about our business;
- the potential volatility of the market price for our ADSs;
- the potential dilution of our shareholders' potential ownership due to future issuances of share capital;
- the requirement for holders of ADSs to act through the depositary to exercise their rights;
- the potential limitations on ADS holders with respect to the transfer of their ADSs;
- the risks of securities class action litigation; and
- those factors referred to in "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company," and "Item 5. Operating and Financial Review and Prospects", as well as in this Annual Report on Form 20-F generally.

Readers are urged to carefully review and consider the various disclosures made throughout this Annual Report on Form 20-F which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

You should not put undue reliance on any forward-looking statements. Any forward-looking statements in this Annual Report on Form 20-F are made as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, the section of this Annual Report on Form 20-F entitled "Item 4. Information on the Company" contains information obtained from independent industry sources and other sources that we have not independently verified.

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

A. [Reserved]

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

There is a high degree of risk associated with our Company and business. You should carefully consider the risks described below, together with all of the other information in this Annual Report on Form 20-F. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of the following risks occur, our business, operating results and financial condition could be materially adversely affected and the trading price of our ADSs could decline.

**Risk Factor Summary**

The following is a summary of certain important factors that may make an investment in the Company speculative or risky.

***Risks Related to Our Financial Position and Capital Requirements***

- We have a limited operating history that you can use to evaluate us, and the likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered by a small developing company.
- We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.
- We have never generated any revenue from product sales or any other sources since inception, and may never be profitable.
- We expect that we will need to raise additional capital, which may not be available on acceptable terms, or at all.

***Risks Related to the Discovery and Development of Product Candidates***

- Preclinical and clinical studies of our product candidates may not be successful. If we are unable to generate successful results from preclinical and clinical studies of our product candidates, or experience significant delays in doing so, our business may be materially harmed.
- We may not be successful in our efforts to identify or develop potential product candidates.

- If future clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.
- Any of our product candidates may cause undesirable side effects or have other properties impacting safety that could delay or prevent their regulatory approval or limit the scope of any approved label or market acceptance.
- Even if we complete the necessary preclinical studies and clinical trials, we cannot predict whether or when we will obtain regulatory approval to commercialize a product candidate and we cannot, therefore, predict the timing of any revenue from a future product.
- Even if we obtain regulatory approval for a product candidate, we will still face extensive regulatory requirements and our products may face future development and regulatory challenges.
- We may not be able to obtain or maintain orphan drug designation or exclusivity for our product candidates.
- We may pursue Rare Pediatric Disease designation for QRX003 for the treatment of NS or other of our product candidates. There is no assurance that we will obtain such designation. Moreover, a Rare Pediatric Disease designation by the FDA does not guarantee that the NDA for the product will qualify for a priority review voucher upon approval, and it does not lead to a faster development or regulatory review process, or increase the likelihood that any of our product candidates will receive marketing approval.
- We may use our financial and human resources to pursue a particular research program or product candidate and fail to capitalize on programs or product candidates that may be more profitable or for which there is a greater likelihood of success.
- We expect competition in the marketplace for our product candidates, should any of them receive regulatory approval.
- We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.
- The commercial success of our product candidates will depend upon the acceptance of these product candidates by the medical community, including physicians, patients and healthcare payors.
- If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate any revenues.
- If we obtain approval to commercialize any approved products outside of the United States and Europe, a variety of risks associated with international operations could materially adversely affect our business.
- Coverage and adequate reimbursement may not be available for our product candidates, if approved, which could make it difficult for us to sell products profitably.

***Risks Related to Our Reliance on Third Parties***

- We rely on third parties to conduct some aspects of our compound formulation, research and preclinical studies, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such formulation, research or testing.
- We rely on third-party manufacturers to produce the supply of our preclinical product, clinical product candidates and commercial supplies of any approved product candidates.
- We rely on limited sources of supply for the drug substance of product candidates and any disruption in the chain of supply may cause a delay in developing and commercializing these product candidates.
- Manufacturing issues may arise that could increase product and regulatory approval costs or delay commercialization.
- We intend to rely on third parties to conduct, supervise and monitor our clinical trials, and if those third parties perform in an unsatisfactory manner, it may harm our business.

***Risks Related to Our Intellectual Property***

- If we are unable to obtain or protect intellectual property rights related to our future products and product candidates, we may not be able to compete effectively in our markets.
- Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.

- If we fail to obtain licenses or comply with our obligations in these agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business.
- We may be involved in lawsuits to protect or enforce our patents or the patents of our licensees, which could be expensive, time consuming and unsuccessful.
- We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties.

***Other Risks Related to Our Business Operations and Industry***

- Our future success depends on our ability to attract and retain key executives and to attract, retain and motivate qualified personnel.
- We may need to expand our organization and may experience difficulties in managing our growth, which could disrupt our operations.
- Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.
- Future relationships with customers and third-party payors as well as certain of our business operations may be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, false claims laws and health information privacy and security laws. If we are unable to comply, or have not fully complied, with such laws, we could face criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.
- Recent and future healthcare legislation may further impact our business operations.
- We face potential product liability, and, if successful claims are brought against us, we may incur substantial liability and costs.
- Cyber security risks and the failure to maintain the confidentiality, integrity, and availability of our computer hardware, software, and Internet applications and related tools and functions could result in damage to our reputation and/or subject us to costs, fines or lawsuits.
- The coronavirus pandemic has caused interruptions or delays of our business plan and may have a significant adverse effect on our business.
- Business interruptions could delay us in the process of developing our future products.

***Risks Related to Us Being an Israeli Company***

- Shareholders may have difficulties enforcing a U.S. judgment, including judgments based upon the civil liability provisions of the U.S. federal securities laws, against us or our executive officers and directors, or asserting U.S. securities laws claims in Israel.
- Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.
- Provisions of Israeli law may delay, prevent or otherwise impede a merger with, or an acquisition of, our company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.

***Risks Related to Ownership of Our ADSs and Ordinary Shares***

- We may not be able to raise additional funds unless we increase our authorized share capital.
- We do not know whether a market for our securities will be sustained or what the trading price of our securities will be and as a result it may be difficult for you to sell our securities held by you.
- The requirements of being a publicly traded company may strain our resources and divert management's attention.
- Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business, results of operation or financial condition. In addition, current and potential shareholders could lose confidence in our financial reporting, which could have a material adverse effect on the price of the ADSs.

- We are a “foreign private issuer” and have disclosure obligations that are different from those of U.S. domestic reporting companies.
- As a “foreign private issuer,” we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable SEC and Nasdaq requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.
- We may be unable to comply with the applicable continued listing requirements of Nasdaq.
- If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our traded securities, our securities price and trading volume could be negatively impacted.
- The market price for our ADSs is likely to be highly volatile.
- We may be at risk of securities class action litigation.
- Substantial future sales or perceived potential sales of our ordinary shares or ADSs in the public market could cause the price of our ADSs decline.
- Your percentage ownership in us may be diluted by future issuances of share capital, which could reduce your influence over matters on which shareholders vote.
- We have not paid, and do not intend to pay, dividends on our ordinary shares and, therefore, unless our traded securities appreciate in value, our investors may not benefit from holding our securities.
- If we pay dividends or other distributions, an ADS holder may not receive the same distributions or dividends as those we make to the holders of our ordinary shares, and, in some limited circumstances, you may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.
- Holders of ADSs must act through the depositary to exercise their rights.
- You may be subject to limitations on transfer of your ADSs.

**Risks Related to Our Financial Position and Capital Requirements**

***We have a limited operating history that you can use to evaluate us, and the likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered by a small developing company.***

Our wholly owned subsidiary, Quoin Inc., commenced operations in 2018. As such, we have a limited operating history and our operations are subject to all of the risks inherent in the establishment of a new business enterprise, including a lack of operating history. Since inception, our operations have been primarily limited to acquiring and licensing intellectual property rights, undertaking research and conducting preclinical studies for our initial programs and negotiating and executing the Merger and financings. We have not yet obtained regulatory approval for any product candidates. Consequently, any predictions about our future success or viability, or any evaluation of our business and prospects, may not be accurate. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered by a small developing company starting a new business enterprise and the highly competitive environment in which we will operate. Since we have a limited operating history, we cannot assure you that our business will be profitable or that we will ever generate sufficient revenues to meet our expenses and support our anticipated activities. In addition, there is no guarantee that any of our product candidates with ever receive approval from the U.S. Food and Drug Administration, or the "FDA." We cannot be certain that our business strategy will be successful or that we will be solvent at any particular time. Our likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the early stages of the development of any company. If we fail to address any of these risks or difficulties adequately, our business will likely suffer. Because of the numerous risks and uncertainties associated with developing and commercializing our products, we are unable to predict the extent of any future losses or when we will become profitable, if ever. We may never become profitable and you may never receive a return on an investment in our securities. An investor in our securities must carefully consider the substantial challenges, risks and uncertainties inherent in the attempted development and commercialization of products in the medical and pharmaceutical industries. We may never successfully commercialize our products and our business may fail.

***We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.***

To date, we have not commercialized any products and have not generated any revenue. We have devoted most of our financial resources to research and development, including our preclinical development activities. To date, we have funded our operations primarily through our founders' funding expenditures and the sale of equity and convertible securities. We expect to continue to incur substantial and increased expenses, losses and negative cash flows as we expand our development activities and advance our preclinical programs. If our product candidates are not successfully developed or commercialized, including because of a lack of capital, or if we do not generate enough revenue following marketing approval, we will not achieve profitability and our business may fail. Even if we successfully obtain regulatory approval to market a product candidate, our revenues will also depend upon the size of any markets in which our product candidates receive market approval and our ability to achieve sufficient market acceptance and adequate market share for our products.

We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from quarter to quarter. We anticipate that our expenses will increase substantially if and as we:

- initiate clinical development of our product candidates, including our first lead product—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");
- implement effective internal control systems;
- initiate the development of additional product candidates for other rare disease indications;
- acquire or in-license other products and technologies and advance those product candidates into clinical trials;

- seek marketing approvals for our product candidates that successfully complete clinical trials;
- ultimately establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, regulatory, research, executive and administrative personnel; and
- create additional infrastructure to support our operations and our product development and planned future commercialization efforts.

***We have never generated any revenue from product sales or any other sources since inception, and may never be profitable.***

Our ability to generate revenue and achieve profitability depends on our ability, alone or with strategic alliance partners, to successfully complete the development of, obtain the necessary regulatory approvals for and commercialize our product candidates. We do not anticipate generating revenues from sales of our products for the foreseeable future, if ever. Our ability to generate future revenues from product sales depends heavily on our success in:

- completing our research and preclinical development of product candidates;
- initiating and completing clinical trials for product candidates with favorable results;
- seeking, obtaining, and maintaining marketing approvals for product candidates that successfully complete clinical trials;
- establishing and maintaining supply and manufacturing relationships with third parties;
- launching and commercializing product candidates for which we may obtain marketing approval, with an alliance partner or, if launched independently, successfully establishing a sales force, marketing and distribution infrastructure;
- maintaining, protecting and expanding our intellectual property portfolio; and
- attracting, hiring and retaining qualified personnel.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to predict the timing or amount of increased expenses and when we will be able to achieve or maintain profitability, if ever. In addition, our expenses could increase beyond expectations if we are required by the FDA or other foreign regulatory agencies to perform studies and trials in addition to those that we currently anticipate.

Even if one or more of the product candidates that we independently develop is approved for commercial sale, we may incur significant costs associated with commercializing any approved product. Even if we are able to generate revenues from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations.

***We expect that we will need to raise additional capital, which may not be available on acceptable terms, or at all.***

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is expensive. We expect our research and development expenses to substantially increase in connection with our ongoing activities, particularly as we advance our product candidates towards or through clinical trials. We may need to raise additional capital to support our operations and such funding may not be available to us on acceptable terms, or at all. We cannot provide assurances

that our plans will not change or that changed circumstances will not result in the depletion of our capital resources more rapidly than we currently anticipate. For example, our preclinical or clinical trials may encounter technical difficulties or be subject to delays or other issues. Any of these events may increase our development costs more than we expect. In order to support our long-term plans, we may need to raise additional capital or otherwise obtain funding through additional strategic alliances if we choose to initiate preclinical or clinical trials for new product candidates other than programs currently partnered. In any event, we will require additional capital to obtain regulatory approval for, and to commercialize, future product candidates.

Any additional fundraising efforts may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize future product candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we are unable to raise additional capital when required or on acceptable terms, we may be required to:

significantly delay, scale back or discontinue the development or commercialization of any future product candidates;

seek strategic alliances for research and development programs at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available; or

relinquish or license on unfavorable terms, our rights to technologies or any future product candidates that we otherwise would seek to develop or commercialize ourselves.

If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from pursuing development and commercialization efforts, which will have a material adverse effect on our business, operating results and prospects.

**Risks Related to the Discovery and Development of Product Candidates**

***Preclinical and clinical studies of our product candidates may not be successful. If we are unable to generate successful results from preclinical and clinical studies of our product candidates, or experience significant delays in doing so, our business may be materially harmed.***

We have no products approved for commercial marketing and most of our product candidates are in preclinical development or about to enter into clinical testing in the first half of 2022 as is the case with our lead asset for Netherton Syndrome. In March 2022, we submitted an Investigational New Drug (IND) application to the FDA, as well as a Scientific Advice Briefing Document with the European Medicines Agency (the "EMA"), for QRX003, our investigational product for Netherton Syndrome, a rare and genetic disease. There is no assurance that the FDA or the EMA will permit our clinical trials to proceed. For example, while we have submitted in our IND a justification for the sufficiency of our nonclinical toxicology package to support initiation of our clinical study of QRX003, there is no assurance that the FDA will agree with our assessment. Moreover, the clinical development process can take several years, and there is no assurance that our clinical trials will be successful or that we will obtain marketing approvals for any of our product candidates from either the FDA or the EMA. Our ability to achieve and sustain profitability depends on obtaining regulatory approvals for and, if approved, successfully commercializing our product candidates, either alone or with third parties. Before obtaining regulatory approval for the commercial distribution of our product candidates, we or an existing or future collaborator must conduct extensive preclinical tests and clinical trials to demonstrate the safety and efficacy of our product candidates.

The success of our product candidates will depend on several factors, including the following:

- successfully implementing preclinical studies which may be predictive of clinical outcomes;
- successful enrollment in clinical trials and completion of those trials with favorable results;
- receipt of marketing approvals from applicable regulatory authorities;

- obtaining and maintaining patent and trade secret protection for current and future product candidates;
- establishing and maintaining manufacturing relationships with third parties or establishing our own manufacturing capability; and
- successfully commercializing our products, if approved, including successfully establishing a sales force, marketing and distribution infrastructure, whether alone or in collaboration with others.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully complete the development or commercialization of our product candidates, which would materially harm our business.

***We may not be successful in our efforts to identify or develop potential product candidates.***

The success of our business depends primarily upon our ability to identify, develop and commercialize our product candidates. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for a number of reasons, including:

- our research methodology may be unsuccessful in identifying potential product candidates; or
- potential product candidates may be shown to have harmful side effects or may have other characteristics that may make the products unsuitable for administration in patients in clinical trials, unlikely to receive marketing approval or unmarketable.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs, which would have a material adverse effect on our business and could potentially cause us to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. We may focus our efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

***If future clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.***

Before obtaining marketing approval from regulatory authorities for the sale of product candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of the product candidates in humans. Clinical trials are expensive, difficult to design and implement, can take many years to complete and are uncertain as to the outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical studies and early clinical trials may not be predictive of the success of later clinical trials, and preliminary results or planned interim analyses of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for their products.

Events which may result in a delay or unsuccessful completion of clinical development include:

- delays in reaching an agreement with the FDA or other regulatory authorities on final trial design;
- delays in obtaining from the FDA, or comparable foreign regulatory authority, authorization to administer an investigational new drug product to humans through the submission or acceptance of an IND or similar foreign application;
- imposition of a clinical hold of our clinical trial operations or trial sites by the FDA or other regulatory authorities;

- delays in reaching agreement on acceptable terms with prospective contract research organizations ("CROs") and clinical trial sites;
- our inability to adhere to clinical trial requirements directly or with third parties such as CROs;
- clinical trial site or CRO non-compliance with good clinical practices ("GCPs"), good laboratory practices, or other regulatory requirements;
- inability or failure of clinical trial sites to adhere to the clinical trial protocol;
- delays in obtaining required IRB approval at each clinical trial site, or an IRB reversing such approval resulting in the suspension or termination of a trial at that ;
- delays in recruiting and retaining suitable patients to participate in a trial particularly for a rare disease such as NS;
- delays in the testing, validation, manufacturing and delivery of the product candidates to the clinical sites;
- delays in having patients complete participation in a trial or return for post-treatment follow-up;
- delays caused by patients dropping out of a trial due to protocol procedures or requirements, product side effects or disease progression;
- clinical sites dropping out of a trial to the detriment of enrollment;
- time required to add new clinical sites; or
- delays by our contract manufacturers to produce and deliver sufficient supply of clinical trial materials.

Accordingly, we cannot be sure that we will submit INDs on the expected timelines and we cannot be certain the FDA or foreign regulatory agencies such as the EMA, will allow us to progress into clinical trials based on the submission of any IND.

If we are required to conduct additional clinical trials or other testing of any product candidates beyond those that are currently contemplated, are unable to successfully complete clinical trials of any such product candidates or other testing, or if the results of these trials or tests are not positive, are only modestly positive or if there are safety concerns, we may:

- be delayed in obtaining marketing approval for our future product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as originally intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be subject to additional post-marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

Our product development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether any clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant clinical trial delays also could shorten any periods during which we may have the exclusive right to

commercialize our product candidates or allow our competitors to bring products to market before we do, which would impair our ability to successfully commercialize our product candidates and may harm our business and results of operations. Any inability to successfully complete preclinical and clinical development could result in additional costs to us or impair our ability to generate revenues from product sales.

***Any of our product candidates may cause undesirable side effects or have other properties impacting safety that could delay or prevent their regulatory approval or limit the scope of any approved label or market acceptance.***

Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other regulatory authorities. While we have not yet initiated clinical trials for any of our product candidates, it is possible that there will be side effects associated with their use. Results of our trials could reveal a high and unacceptable severity and prevalence of side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. Such side effects could also affect patient recruitment, the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may materially and adversely affect our business, financial condition, results of operations and prospects.

Further, clinical trials by their nature test product candidates in only small samples of the potential patient populations. With a limited number of patients and limited duration of exposure in such trials, rare and potentially severe side effects of our product candidates may not be uncovered until a significantly larger number of patients are exposed to the product candidate.

If any of our product candidates receive marketing approval, and causes serious, unexpected, or undesired side effects, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw, suspend, or limit their approval of the product or impose restrictions on its distribution in the form of a modified risk evaluation and mitigation strategy;
- regulatory authorities may require the addition of labeling statements, such as black box warnings or contraindications;
- we may be required to change the way the product is administered or conduct additional clinical trials or post-marketing surveillance;
- we could be sued and held liable for harm caused to patients; or
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected product and could substantially increase the costs of commercializing our future products and impair our ability to generate revenues from the commercialization of these products.

***Even if we complete the necessary preclinical studies and clinical trials, we cannot predict whether or when we will obtain regulatory approval to commercialize a product candidate and we cannot, therefore, predict the timing of any revenue from a future product.***

We cannot commercialize a product until the appropriate regulatory authorities, such as the FDA, have reviewed and approved the product candidate. The regulatory authorities may not complete their review processes in a timely manner, or we may not be able to obtain regulatory approval for many reasons including:

- regulatory authorities disagreeing with the design or implementation of our clinical trials;

- such authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- such authorities may not accept clinical data from trials which are conducted at clinical facilities or in countries where the standard of care is potentially different from that of the United States;
- unfavorable or unclear results from our clinical trials or results that may not meet the level of statistical significance required by the FDA or comparable foreign regulatory agencies for approval;
- serious and unexpected drug-related side effects experienced by participants in our clinical trials or by individuals using drugs similar to our product candidates;
- the population studied in the clinical trial may not be sufficiently broad or representative to assure safety in the full population for which we seek approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- such authorities may not agree that the data collected from clinical trials of our product candidates are acceptable or sufficient to support the submission of a New Drug Application ("NDA") or other submission or to obtain regulatory approval in the United States or elsewhere, and such authorities may impose requirements for additional preclinical studies or clinical trials;
- such authorities may disagree regarding the formulation, labeling and/or the specifications of our product candidates;
- such authorities may find deficiencies in the manufacturing processes, testing systems or facilities of our third-party manufacturers with which we contract for clinical and commercial supplies;; or
- regulations of such authorities may significantly change in a manner rendering our clinical data insufficient for approval.

Additional delays may result if an FDA advisory committee recommends restrictions on approval or recommends non-approval. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action, or changes in regulatory agency policy during the period of product development, clinical trials and the review process.

***Even if we obtain regulatory approval for a product candidate, we will still face extensive regulatory requirements and our products may face future development and regulatory challenges.***

Even if we obtain regulatory approval in the United States, the FDA may still impose significant restrictions on the indicated uses or marketing of our product candidates, or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. The FDA may also require risk evaluation and mitigation strategies as a condition of approval of our product candidates, which could include requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Additionally, the manufacturing processes, packaging, distribution, adverse event reporting, labeling, advertising, promotion, and recordkeeping for the product will be subject to extensive and ongoing FDA regulatory requirements, in addition to other potentially applicable federal and state laws. These requirements include monitoring and reporting of adverse events ("AEs") and other post-marketing information and reports, registration, as well as continued compliance with current good manufacturing practice ("cGMP") regulations. The holder of an approved NDA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling or manufacturing process. If we or a regulatory agency discovers previously unknown problems with a product such as AEs of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including requiring recall or withdrawal of the product from the market or suspension of manufacturing.

If we fail to comply with applicable regulatory requirements following approval of any of our product candidates, a regulatory agency may:

- issue a warning or untitled letter asserting that we are in violation of the law;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve a pending NDA or supplements to an NDA submitted by us;
- seize product or require a product recall; or
- refuse to allow us to enter into supply contracts, including government contracts.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may inhibit our ability to commercialize our future products, if approved, and generate revenues.

***We may not be able to obtain or maintain orphan drug designation or exclusivity for our product candidates.***

Regulatory authorities in some jurisdictions, including the United States, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug as an orphan drug if it is intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States, or if the disease or condition affects more than 200,000 individuals in the United States and there is no reasonable expectation that the cost of developing the drug for the type of disease or condition will be recovered from sales of the product in the United States.

Orphan drug designation entitles a party to financial incentives, such as tax advantages and user fee waivers. Additionally, if a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications to market the same drug for the same indication for seven years, except in certain circumstances, such as a showing of clinical superiority (i.e., another product is safer, more effective or makes a major contribution to patient care) over the product with orphan exclusivity or where the manufacturer is unable to assure sufficient product quantity. Competitors, however, may receive approval of different products for the same indication for which the orphan product has exclusivity, or obtain approval for the same product but for a different indication than that for which the orphan product has exclusivity.

We intend to apply for orphan drug designation in the United States for QRX003 for the treatment of NS. However, obtaining an orphan drug designation can be difficult, and we may not be successful in doing so. Even if we obtain orphan drug designation for a product candidate in specific indications, we may not be the first to obtain regulatory approval of the product candidate for the orphan-designated indication. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or may be lost if the FDA later determines that the request for orphan designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Orphan drug designation does not ensure that we will receive marketing exclusivity in a particular market, and we cannot assure you that any future application for orphan drug designation in any other geography or with respect to any other future product candidate will be granted. Orphan drug designation neither shortens the development time or regulatory review time of a drug, nor gives the drug any advantage in the regulatory review or approval process.

***We may pursue Rare Pediatric Disease designation for QRX003 for the treatment of NS or other of our product candidates. There is no assurance that we will obtain such designation. Moreover, a Rare Pediatric Disease designation by the FDA does not guarantee that the NDA for the product will qualify for a priority review voucher upon approval, and it does not lead to a faster development or regulatory review process, or increase the likelihood that any of our product candidates will receive marketing approval.***

Under the Rare Pediatric Disease Priority Review Voucher program, upon the approval of a qualifying NDA for the treatment of a rare pediatric disease, the sponsor of such an application may be awarded a transferable rare pediatric disease priority review voucher that can be used to obtain priority review for a subsequent NDA or BLA. We intend to pursue Rare Pediatric Disease designation for QRX003 for the treatment of NS, but there is no assurance that we will receive such designation. On December 27, 2020, the Creating Hope Reauthorization Act extended the Rare Pediatric Disease Priority Review Voucher Program, and after September 30, 2024, the FDA may only award a voucher for an approved rare pediatric disease product application if the sponsor has rare pediatric disease designation for the drug, and that designation was granted by September 30, 2024. After September 30, 2026, the FDA may not award any rare pediatric disease priority review vouchers. However, there is no guarantee that any of our product candidates will be approved by that date, or at all, and, therefore, we may not be in a position to obtain a priority review voucher prior to expiration of the program, unless Congress further reauthorizes the program. Additionally, designation of a drug for a rare pediatric disease does not guarantee that an NDA will meet the other eligibility criteria for a rare pediatric disease priority review voucher at the time the application is approved. Finally, a Rare Pediatric Disease designation does not lead to faster development or regulatory review of the product, or increase the likelihood that it will receive marketing approval.

***We may use our financial and human resources to pursue a particular research program or product candidate and fail to capitalize on programs or product candidates that may be more profitable or for which there is a greater likelihood of success.***

As a result of our limited financial and human resources, we will have to make strategic decisions as to which product candidates to pursue and may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through strategic alliance, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate, or we may allocate internal resources to a product candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement.

***We expect competition in the marketplace for our product candidates, should any of them receive regulatory approval.***

If successfully developed and approved, our product candidates may face competition. We may not be able to compete successfully against organizations with competitive products, particularly large pharmaceutical companies. Many of our potential competitors have significantly greater financial, technical and human resources than us, and may be better equipped to develop, manufacture, market and distribute products. Many of these companies operate large, well-funded research, development and commercialization programs, have extensive experience in nonclinical and clinical studies, obtaining FDA and other regulatory approvals and manufacturing and marketing products, and have multiple products that have been approved or are in late-stage development. These advantages may enable them to receive approval from the FDA or any foreign regulatory agency before us.

Currently, there are no approved products to treat NS. However, to our knowledge, there are a number of potentially competing therapeutic products at various stages of development for the treatment of NS, including, but not limited to, candidates from LifeMax Laboratories, PellePharma, Sixera Pharmaceuticals Krystal Biotech, QID Pharmaceuticals, Azitra and Dermadis. Currently, to the best of our knowledge, there are no clinical trials in NS being conducted under an open IND.

***We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.***

The biotechnology and pharmaceutical industries are intensely competitive. We have competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies and universities and other research institutions. Our competitors may have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring or licensing on an exclusive basis, drug products that are more effective or less costly than any product candidate that we may develop.

All of our programs are either preclinical or about to begin clinical development and targeted toward indications for which there may be other product candidates in clinical development. We may face competition from other drugs currently approved or that may be approved in the future for the same therapeutic indications as our product candidates. Our ability to compete successfully will depend largely on our ability to leverage our experience in drug development to:

- develop therapeutics that are superior to other products in the market;
- attract qualified scientific, product development and commercial personnel;
- obtain patent and/or other proprietary protection for our product candidates;
- obtain required regulatory approvals; and
- successfully collaborate with pharmaceutical companies in the discovery, development and commercialization of new therapeutics.

The availability of our competitors' products could limit the demand, and the price we are able to charge, for any products that we may develop and commercialize. We will not achieve our business plan if the acceptance of any of these products is inhibited by price competition or the reluctance of physicians to switch from existing drug products to our products, or if physicians switch to other new drug products or choose to reserve our future products for use in limited circumstances. The inability to compete with existing or subsequently introduced drug products would have a material adverse impact on our business, financial condition and prospects.

Established pharmaceutical companies may invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make our product candidates less competitive. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. Accordingly, our competitors may succeed in obtaining patent protection, receiving FDA approval or discovering, developing and commercializing product candidates before we do, which would have a material adverse impact on our business.

***The commercial success of our product candidates will depend upon the acceptance of these product candidates by the medical community, including physicians, patients and healthcare payors.***

The degree of market acceptance of any product candidates will depend on a number of factors, including:

- demonstration of clinical safety and efficacy compared to other products;
- the relative convenience, ease of administration and acceptance by physicians, patients and healthcare payors;
- the prevalence and severity of any AEs;

- limitations or warnings contained in the FDA-approved label for such products;
- availability of alternative treatments;
- pricing and cost-effectiveness;
- the effectiveness of our, or any of our collaborators', sales and marketing strategies;
- our ability to obtain hospital or payor formulary approval;
- our ability to obtain and maintain sufficient third-party coverage and adequate reimbursement; and
- the willingness of patients to pay out-of-pocket in the absence of third-party coverage.

If a product is approved but does not achieve an adequate level of acceptance by physicians, patients and healthcare payors, we may not generate sufficient revenues from such product and we may not become or remain profitable. Such increased competition may decrease any future potential revenue for future product candidates due to increasing pressure for lower pricing and higher discounts in the commercialization of our product.

***If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate any revenues.***

We currently do not have an organization for the sales, marketing and distribution of pharmaceutical products and the cost of establishing and maintaining such an organization may exceed the cost-effectiveness of doing so. In order to market any products that may be approved, we must build our sales, marketing, managerial and other non-technical capabilities or make arrangements with third parties to perform these services. With respect to future programs, we may rely completely on an alliance partner for sales and marketing. In addition, we may enter into strategic alliances with third parties to commercialize other product candidates, if approved, including in markets outside of the United States and Europe or for other large markets that are beyond our resources. Although we intend to establish a sales organization if we are able to obtain approval to market any product candidates in the United States, and Europe we will also consider the option to enter into strategic alliances for future product candidates in the United States and Europe if commercialization requirements exceed our available resources. This will reduce the revenue generated from the sales of these products.

Any future strategic alliance partners may not dedicate sufficient resources to the commercialization of our product candidates, if approved, or may otherwise fail in their commercialization due to factors beyond our control. If we are unable to establish effective alliances to enable the sale of our product candidates, if approved, to healthcare professionals and in geographical regions, including the United States and Europe, that will not be covered by our own marketing and sales force, or if our potential future strategic alliance partners do not successfully commercialize the product candidates that may be approved, our ability to generate revenues from product sales will be adversely affected.

If we are unable to establish adequate sales, marketing and distribution capabilities, whether independently or with third parties, we may not be able to generate sufficient product revenue and may not become profitable. We will be competing with many companies that currently have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

***If we obtain approval to commercialize any approved products outside of the United States and Europe, a variety of risks associated with international operations could materially adversely affect our business.***

If we obtain approval to commercialize any approved products outside of the United States and Europe, we expect that we will be subject to additional risks related to entering into international business relationships, including:

- different regulatory requirements for drug approvals in foreign countries;

- differing payor reimbursement regimes, governmental payors or patient self-pay systems and price controls;
- reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires.

***Coverage and adequate reimbursement may not be available for our product candidates, if approved, which could make it difficult for us to sell products profitably.***

Market acceptance and sales of any product candidates that we develop will depend on coverage and reimbursement policies and may be affected by future healthcare reform measures. Government authorities and third-party payors, such as private health insurers, government payors and health maintenance organizations, decide which drugs they will pay for and establish reimbursement levels. We cannot be sure that coverage and adequate reimbursement will be available for any future product candidates. In the United States, the Centers for Medicare & Medicaid Services (“CMS”), an agency within the U.S. Department of Health and Human Services, decides whether and to what extent a new drug will be covered and reimbursed under Medicare. Private payors tend to follow the coverage reimbursement policies established by CMS to a substantial degree. It is difficult to predict what CMS will decide with respect to reimbursement for novel product candidates. Inadequate reimbursement amounts may reduce the demand for, or the price of, our future products. Further, one payor’s determination to provide coverage for a product does not assure that other payors will also provide coverage for the product. If reimbursement is not available, or is available only at limited levels, we may not be able to successfully commercialize product candidates that we develop and that may be approved. Thus, even if we succeed in bringing a product to market, it may not be considered medically necessary or cost-effective, and the amount reimbursed for any products may be insufficient to allow us to sell our products on a competitive basis.

There have been a number of legislative and regulatory proposals to change the healthcare system in the United States and in some foreign jurisdictions that could affect our ability to sell products profitably. These legislative and/or regulatory changes may negatively impact the reimbursement for drug products, following approval. The availability of numerous generic treatments may also substantially reduce the likelihood of reimbursement for our future products. We expect to experience pricing pressures in connection with the sale of any products that we develop, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, and prescription drugs in particular, has and is expected to continue to increase in the future. For instance, government and private payors who reimburse patients or healthcare providers are increasingly seeking greater upfront discounts, additional rebates and other concessions to reduce prices for pharmaceutical products. If we fail to successfully secure and maintain reimbursement coverage for our future products or are significantly delayed in doing so, we will have difficulty achieving market acceptance of our future products and our business will be harmed.

In addition, in some non-U.S. jurisdictions, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the EU provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. Historically, products launched in the EU do not follow price structures of the U.S. and generally tend to be priced significantly lower.

**Risks Related to Our Reliance on Third Parties**

***We rely on third parties to conduct some aspects of our compound formulation, research and preclinical studies, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such formulation, research or testing.***

We do not expect to independently conduct all aspects of our drug development activities, compound formulation research or preclinical studies of product candidates. We currently rely and expect to continue to rely on third parties to conduct some or all aspects of our preclinical studies and formulation development.

Any of these third parties may terminate their engagements with us at any time. If we need to enter into alternative arrangements, it could delay our product development activities. Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our studies in accordance with regulatory requirements or our stated study plans and protocols, we will not be able to complete, or may be delayed in completing, the necessary preclinical studies to enable us to select viable product candidates for IND submissions and will not be able to, or may be delayed in our efforts to, successfully develop and commercialize such product candidates.

***We rely on third-party manufacturers to produce the supply of our preclinical product, clinical product candidates and commercial supplies of any approved product candidates.***

Reliance on third-party manufacturers entails risks, including risks that we would not be subject to if we manufactured the product candidates ourselves.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside of the United States. If the FDA determines that our third-party manufacturers are not in compliance with FDA laws and regulations, including those governing cGMPs, the FDA may not approve an NDA until the deficiencies are corrected or we replace the manufacturer in our application with a manufacturer that is in compliance. Moreover, our failure, or the failure of our third-party manufacturers and suppliers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products. In addition, approved products and the facilities at which they are manufactured are required to maintain ongoing compliance with extensive FDA requirements and the requirements of other similar agencies, including ensuring that quality control and manufacturing procedures conform to cGMP requirements. As such, our third-party manufacturers are subject to continual review and periodic inspections to assess compliance with cGMPs. Furthermore, although we do not have day-to-day control over the operations of our third-party manufacturers, we are responsible for ensuring compliance with applicable laws and regulations, including cGMPs.

Other risks of reliance on third-party manufacturers include:

- the inability to meet any product specifications and quality requirements consistently;
- a delay or inability to procure or expand sufficient manufacturing capacity;
- manufacturing and product quality issues related to scale-up of manufacturing;
- costs and validation of new equipment and facilities required for scale-up;
- the inability to negotiate manufacturing or supply agreements with third parties under commercially reasonable terms;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to us;
- the reliance on a limited number of sources, and in some cases, single sources for raw materials, such that if we are unable to secure a sufficient supply of these product components, we will be unable to manufacture and sell future product candidates in a timely fashion, in sufficient quantities or under acceptable terms;
- the lack of qualified backup suppliers for any raw materials that are currently purchased from a single source supplier;
- operations of our third-party manufacturers or suppliers could be disrupted by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier;
- carrier disruptions or increased costs that are beyond our control; and
- the failure to deliver products under specified storage conditions and in a timely manner.

Any of these events could lead to clinical study delays or failure to obtain regulatory approval, or impact our ability to successfully commercialize future products, if approved. Some of these events could be the basis for FDA action, including injunction, recall, seizure or total or partial suspension of production.

***We rely on limited sources of supply for the drug substance of product candidates and any disruption in the chain of supply may cause a delay in developing and commercializing these product candidates.***

We have established manufacturing relationships with a limited number of suppliers to manufacture raw materials and the drug substance used to create our product candidates. The availability of such suppliers to manufacture raw materials and drug substance for our product candidates in sufficient quantities for evaluation in preclinical or clinical studies or, if our product candidates are approved, for commercial supple may be limited. Further, each supplier may require licenses to manufacture such components if such processes are not owned by the supplier or in the public domain. Our ability to obtain the necessary drug substance of product candidates could be adversely impacted by the Coronavirus pandemic. As part of any marketing approval, a manufacturer and its processes are required to be qualified by the FDA prior to commercialization. If supply from any vendor approved in the NDA is interrupted, there could be a significant disruption in commercial supply. An alternative vendor would need to be qualified through an NDA supplement which could result in further delay. The FDA or other regulatory agencies outside of the United States may also require additional studies if a new supplier is relied upon for commercial production. Switching vendors may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

These factors could cause the delay of clinical trials, regulatory submissions, required approvals or commercialization of our product candidates, cause us to incur higher costs and prevent us from commercializing our products successfully. Furthermore, if our suppliers fail to deliver the required commercial quantities of active pharmaceutical ingredients on a timely basis and at commercially reasonable prices, and we are unable to secure one or more replacement suppliers capable

of production in a timely manner at a substantially equivalent cost, our clinical trials may be delayed or we could lose potential revenue.

***Manufacturing issues may arise that could increase product and regulatory approval costs or delay commercialization.***

Manufacturing of product candidates and conducting required stability testing, product, packaging, equipment and process-related issues may require refinement or resolution in order to proceed with any clinical trials and obtain regulatory approval for commercial marketing. We may identify significant impurities, which could result in increased scrutiny by the regulatory agencies, delays in clinical programs and regulatory approval, increases in our operating expenses, or failure to obtain or maintain approval for product candidates or any approved products.

***We intend to rely on third parties to conduct, supervise and monitor our clinical trials, and if those third parties perform in an unsatisfactory manner, it may harm our business.***

We intend to rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials. While we will have agreements governing their activities, we have limited influence over their actual performance. We will control only certain aspects of our CROs' activities. Nevertheless, we will be responsible for ensuring that each of our clinical trials are conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and our reliance on the CROs will not relieve us of our regulatory responsibilities.

We and our CROs will be required to comply with the FDA's or other regulatory agency's GCPs, for conducting, recording and reporting the results of IND-enabling studies and clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. The FDA and non-U.S. regulatory agencies enforce these GCPs through periodic inspections of trial sponsors, CROs, principal investigators and clinical trial sites. If we or our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or applicable non-U.S. regulatory agency may require us to perform additional clinical trials before approving any marketing applications for the relevant jurisdiction. Upon inspection, the FDA or applicable non-U.S. regulatory agency may determine that our future clinical trials did not comply with GCPs. In addition, our future clinical trials will require a sufficiently large number of test subjects to evaluate the safety and effectiveness of a potential drug product. Accordingly, if our CROs fail to comply with these regulations or fail to recruit a sufficient number of patients, we may be required to repeat such clinical trials, which would delay the regulatory approval process.

Our CROs will not be our employees, and we will not be able to control whether or not they devote sufficient time and resources to our future clinical and nonclinical programs. These CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials, or other drug development activities which could harm our competitive position. If our CROs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements, or for any other reasons, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize our product candidates. As a result, our financial results and the commercial prospects for such products and any product candidates that we develop would be harmed, our costs could increase, and our ability to generate revenues could be delayed.

We intend to rely on other third parties to package, store and deliver drug products to the clinical trial sites for any clinical trials that we may conduct. Any performance failure on the part of these third parties could delay clinical development or marketing approval of our product candidates or commercialization of our products, if approved, producing additional losses and depriving us of potential product revenue.

**Risks Related to Our Intellectual Property**

***If we are unable to obtain or protect intellectual property rights related to our future products and product candidates, we may not be able to compete effectively in our markets.***

Our success depends in part on our ability to obtain and maintain patents and other forms of intellectual property rights, including in-licenses of intellectual property rights of others, for our product candidates, methods used to develop and manufacture our product candidates and methods for treating patients using our product candidates, as well as our ability to preserve our trade secrets, to prevent third parties from infringing upon our proprietary rights and to operate without infringing upon the proprietary rights of others. The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. The patent applications that we own or in-license may fail to result in patents with claims that cover the products in the United States or in other countries. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found; such prior art can invalidate a patent or prevent a patent from issuing based on a pending patent application. Even if patents do successfully issue, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed or invalidated. Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property or prevent others from designing around our claims.

If the patent applications we hold or have in-licensed with respect to our programs or product candidates fail to issue or if their breadth or strength of protection is threatened, it could dissuade companies from collaborating with us to develop product candidates, and threaten our ability to commercialize, future products. We cannot offer any assurances about which, if any, patents will issue or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. A patent may be challenged through one or more of several administrative proceedings including post-grant challenges, re-examination or opposition before the USPTO or foreign patent offices. Any successful challenge of patents or any other patents owned by or licensed to us could deprive us of rights necessary for the successful commercialization of any product candidates that we may develop.

Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we were the first to file any patent application related to a product candidate. Furthermore, in certain situations, if we and one or more third parties have filed patent applications in the United States and claiming the same subject matter, an administrative proceeding, known as an interference, can be initiated to determine which applicant is entitled to the patent on that subject matter. Such an interference proceeding provoked by third parties or brought by us may be necessary to determine the priority of inventions with respect to our patents or patent applications, or those of our licensors. An unfavorable outcome could require us to cease using the related technology or to require us to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license at all, or on commercially reasonable terms. Our defense of a patent or patent application in such a proceeding may not be successful and, even if successful, may result in substantial costs and distract our management and other employees.

In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after it is filed. Various extensions may be available however the life of a patent, and the protection it affords is limited. Once the patent life has expired for a product, we may be open to competition from generic medications. Further, if we encounter delays in regulatory approvals, the period of time during which we could market a product candidate under patent protection could be reduced.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable, including processes for which patents are difficult to enforce and any other elements of our drug discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. Although each of our employees agrees to assign their inventions to us through an employee inventions agreement, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology are required to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed, that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. In addition, others may independently

discover our trade secrets and proprietary information. For example, the FDA, as part of its Transparency Initiative, is currently considering whether to make additional information publicly available on a routine basis, including information that we may consider to be trade secrets or other proprietary information, and it is not clear at the present time how the FDA's disclosure policies may change in the future, if at all.

Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

***Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.***

Our commercial success depends in part on our avoiding infringement of the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are pursuing development candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in patents that our product candidates may infringe. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates, any molecules formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block our ability to commercialize such product candidate unless we obtained a license under the applicable patents, or until such patents expire. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture or methods of use, including combination therapy, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product candidate unless we obtained a license or until such patent expires. In either case, such a license may not be available on commercially reasonable terms or at all.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management or employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign our infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

***If we fail to obtain licenses or comply with our obligations in these agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business.***

We are a party to intellectual property license agreements that are important to our business and expect to enter into additional license agreements in the future. Our existing license agreements impose, and we expect that future license agreements will impose, various obligations on us.

We may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates, and we have done so from time to time. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our future products, resulting in either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties.

***We may be involved in lawsuits to protect or enforce our patents or the patents of our licensees, which could be expensive, time consuming and unsuccessful.***

Competitors may infringe our patents or the patents of our licensees. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours or of our licensees is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

Our defense in a lawsuit may fail and, even if successful, may result in substantial costs and distract our management and other employees. We may not be able to prevent, alone or with our licensees, misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our ordinary shares.

***We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties.***

We employ individuals who were previously employed at other biotechnology or pharmaceutical companies. We may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of our employees' former employers or other third parties. We may also be subject to claims that former employers or other third parties have an ownership interest in our patents. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and if we are successful, litigation could result in substantial cost and be a distraction to our management and other employees.

**Other Risks Related to Our Business Operations and Industry**

***Our future success depends on our ability to attract and retain key executives and to attract, retain and motivate qualified personnel.***

We are highly dependent on principal members of our executive team, and any reduction or loss of their services may adversely impact the achievement of our objectives. While we have entered into employment agreements with each of our executive officers, any of them could leave our employment at any time. Recruiting and retaining other qualified employees for our business, including scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled executives in our industry, which is likely to continue. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical companies for individuals with similar skill sets. In addition, failure to succeed in preclinical studies and clinical trials may make it more challenging to recruit and retain qualified personnel. The inability to recruit any executive or key employee or the loss of the services of any executive or key employee might impede the progress of our research, development and commercialization objectives.

***We may need to expand our organization and may experience difficulties in managing our growth, which could disrupt our operations.***

In the future we may expand our employee base to increase our managerial, scientific, operational, commercial, financial and other resources and we may hire more consultants and contractors. Future growth would impose significant additional responsibilities on our management, including the need to identify, recruit, maintain, motivate and integrate additional employees, consultants and contractors. Also, our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure or give rise to operational mistakes, loss of business opportunities, loss of employees or reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional product candidates. Moreover, if our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenues could be reduced, and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize product candidates and compete effectively will depend, in part, on our ability to effectively manage any future growth.

***Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.***

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional or nonintentional failures to comply with the regulations of the FDA and non-U.S. regulators, to provide accurate information to the FDA and non-U.S. regulators, to comply with healthcare fraud and abuse laws and regulations in the United States and abroad, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements.

Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. We have adopted a code of conduct, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, fines, possible exclusion from Medicare, Medicaid and other government healthcare programs, additional reporting requirements and/or oversight, particularly if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance, disgorgement, imprisonment, and contractual damages. Even if we are ultimately successful in defending against any such action, we could be required to divert financial and managerial resources in doing so and adverse publicity could result, all of which could harm our business.

***Future relationships with customers and third-party payors as well as certain of our business operations may be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, false claims laws and health information privacy and security laws. If we are unable to comply, or have not fully complied, with such laws, we could face criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.***

If we obtain FDA approval for any of our product candidates and begin commercializing those products in the United States, our operations may be directly, or indirectly through our customers, further subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to patient privacy regulation by the federal government and by the U.S. states and foreign jurisdictions in which we conduct our business. The healthcare laws and regulations that may affect our ability to operate include:

- The federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, either the referral of an individual, or the purchase or recommendation of an item or service for which payment may be made under a federal healthcare program, such as the Medicare and Medicaid programs. Remuneration has been interpreted broadly to include anything of value. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and those activities may be subject to scrutiny or penalty if they do not qualify for an exemption or safe harbor. A conviction for violation of the Anti-Kickback Statute requires mandatory exclusion from participation in federal healthcare programs. This statute has been applied to arrangements between pharmaceutical manufacturers and those in a position to purchase products or refer others, including prescribers, patients, purchasers and formulary managers. In addition, the Affordable Care Act amended the Social Security Act to provide that the U.S. government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act penalties for which are described below.

- Federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act ("FCA"), which imposes criminal or civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, claims for payment to the federal government, including Medicare or Medicaid, that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. FCA liability is potentially significant in the healthcare industry because the statute provides for treble damages and mandatory penalties per false claim or statement.

- The civil monetary penalties statute, which imposes penalties against any person or entity who, among other things, is determined to have presented or caused to be presented a claim to a federal healthcare program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent.

- The federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which imposes civil and criminal penalties for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations or promises, any money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private), knowingly and willfully embezzling or stealing from a health care benefit program, willfully obstructing a criminal investigation of a healthcare offense and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare.

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"), and its implementing regulations, which imposes certain requirements on certain types of individuals and entities, such as healthcare providers, health plans and healthcare clearing houses, known as "covered entities," as well as their "business associates," independent contractors or agents of covered entities that receive or obtain individually identifiable health information in connection with providing a service on behalf of a covered entity, relating to the privacy, security and transmission of individually identifiable health information.

- The federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to CMS, information related to payments or other transfers of value made to physicians, physician assistants, certain types of advance practice nurses and teaching hospitals, and further requires applicable manufacturers and applicable group purchasing organizations to report annually to CMS ownership and investment interests held by physicians and their immediate family members. Failure to submit timely, accurately and completely the required information for all covered payments, transfers of value and ownership or investment interests may result in civil monetary penalties.; and

- Many state and foreign law equivalents of each of the above federal laws, such as: anti-kickback and false claims laws which may apply to items or services reimbursed by any third party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; state and local laws that require the registration of pharmaceutical sales representatives; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

In addition, the European Union ("EU") has established its own data security and privacy legal framework, including but not limited to Directive 95/46/EC (the "Data Protection Directive"). The European General Data Protection Regulation ("GDPR") contains new provisions specifically directed at the processing of health information, higher sanctions and extra-territoriality measures intended to bring non-EU companies under the regulation. We anticipate that over time we may expand our business operations to include additional operations in the EU, including potentially conducting preclinical and clinical trials. With such expansion, we would be subject to increased governmental regulation in the EU countries in which we might operate, including regulation due to the GDPR.

If our operations are found to be in violation of any of the laws described above or any other governmental regulations or laws that apply to us, we may be subject to penalties, including, without limitation, civil, criminal and administrative penalties, damages, fines, possible exclusion from Medicare, Medicaid and other government healthcare programs, additional reporting requirements and/or oversight, particularly if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance, disgorgement, imprisonment, contractual damages, reputational harm, diminished profits and future earnings, and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

***Recent and future healthcare legislation may further impact our business operations.***

The United States and some foreign jurisdictions are considering or have enacted a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell our products profitably. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "ACA") was enacted, which made a number of substantial changes in the way healthcare is financed by both governmental and private insurers. The ACA included a number of provisions that may reduce the profitability of drug products, including revising the rebate methodology for covered outpatient drugs under the Medicaid Drug Rebate Program, extending Medicaid rebates to individuals enrolled in Medicaid managed care plans, and requiring drug manufacturers to pay an annual fee based on their market share of prior year total sales of branded programs to certain federal health care programs.

Since its passage, there have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts to repeal or replace certain aspects of the ACA. Former President Trump signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. On December 22, 2017, former President Trump signed into law H.R. 1, "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," informally titled the Tax Cuts and Jobs Act, which significantly revises the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Tax Cuts and Jobs Act of 2017 includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." Additionally, on December 23, 2019, former President Trump signed a spending bill that repealed the implementation of certain ACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-

sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Further, the Bipartisan Budget Act of 2018 (the "BBA"), among other things, amended the ACA, effective January 1, 2019, to increase from 50 percent to 70 percent the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." On June 17, 2021, the United States Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. Thus, the ACA will remain in effect in its current form. It is possible that the ACA will be subject to judicial or Congressional challenges in the future. It is uncertain how any such challenges and the healthcare measures of the Biden administration will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of 2% per fiscal year, which started in April 2013, and, due to subsequent legislative amendments, will remain in effect through 2030 with the exception of a temporary suspension from May 1, 2020 through March 31, 2022 due to the COVID 19 pandemic, unless additional Congressional action is taken. The Medicare reductions phase back in starting with a 1% reduction in effect from April 1, 2022 to June 30, 2022 before increasing to the full 2% reduction. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, also reduced Medicare payments to several categories of healthcare providers

Further, there has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. Such scrutiny has resulted in several recent Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. While any proposed measures will require authorization through additional legislation to become effective, Congress and the Biden administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, to encourage importation from other countries and bulk purchasing.

We expect that healthcare reform measures that may be adopted in the future may result in more rigorous coverage criteria and lower reimbursement, and in additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government-funded programs may result in a similar reduction in payments from private payors.

We cannot predict what healthcare reform initiatives may be adopted in the future. Further federal, state and foreign legislative and regulatory developments are likely, and we expect ongoing initiatives to increase pressure on drug pricing. Such reforms could have an adverse effect on anticipated revenues from product candidates that we may successfully develop and for which we may obtain regulatory approval and may affect our overall financial condition and ability to develop product candidates.

***We face potential product liability, and, if successful claims are brought against us, we may incur substantial liability and costs.***

The use of our product candidates in future clinical trials and the sale of any products for which we obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by consumers, healthcare providers, pharmaceutical companies or others selling or otherwise coming into contact with our products. For example, unanticipated adverse effects could result from the use of our future products or product candidates which may result in a potential product liability claim. If we cannot successfully defend against product liability claims,

we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of our business reputation;
- withdrawal of clinical trial participants;
- costs due to related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize our product candidates; and
- decreased demand for our product candidates, if approved for commercial sale.

We plan to obtain product liability insurance relating to the use of our therapeutics in future clinical trials. However, such insurance coverage may not be sufficient to reimburse us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive and in the future we may not be able to obtain or maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. If and when we obtain marketing approval for product candidates, we intend to expand our insurance coverage to include the sale of commercial products; however, we may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. On occasion, large judgments have been awarded in class action lawsuits based on drugs that had unanticipated adverse effects. A successful product liability claim or series of claims brought against us could cause our share price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business.

***Cyber security risks and the failure to maintain the confidentiality, integrity, and availability of our computer hardware, software, and Internet applications and related tools and functions could result in damage to our reputation and/or subject us to costs, fines or lawsuits.***

Our business depends on the continuous, effective, reliable, and secure operation of external computer hardware, software, networks, Internet servers, and related infrastructure. To the extent that hardware or software malfunctions of these external systems could cause our business to suffer. The integrity and protection of our employee and company data is critical to our business and employees have a high expectation that we will adequately protect their personal information. The regulatory environment governing information, security and privacy laws is increasingly demanding and continues to evolve. Maintaining compliance with applicable security and privacy regulations may increase our operating costs. Although the external computer and communications systems we utilize is protected through physical and software safeguards, it is still vulnerable to fire, storm, flood, power loss, earthquakes, telecommunications failures, physical or software break-ins, software viruses, and similar events. These events could lead to the unauthorized access, disclosure and use of non-public information. The techniques used by criminal elements to attack computer systems are sophisticated, change frequently and may originate from less regulated and remote areas of the world. As a result, because of our dependence on external providers, we may not be able to address these threats proactively or implement adequate preventative measures. If our computer systems are compromised, we could be subject to fines, damages, litigation and enforcement actions, and we could lose trade secrets, the occurrence of which could harm our business. In addition, any sustained disruption in internet access provided by other companies could harm our business.

***The coronavirus pandemic has caused interruptions or delays of our business plan and may have a significant adverse effect on our business.***

In December 2019, a strain of coronavirus, COVID-19, was reported to have surfaced in Wuhan, China, and on March 12, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, Canada and China, have imposed unprecedented restrictions

on travel, quarantines, and other public health safety measures. The extent to which the pandemic may impact our business will depend on future developments, which are highly uncertain and cannot be predicted, but the development of clinical supply materials could be delayed and enrollment of patients in our pending clinical trials may be delayed or suspended, as hospitals and clinics in areas where we are conducting trials shift resources to cope with the COVID-19 pandemic and may limit access or close clinical facilities due to the COVID-19 pandemic. Additionally, if trial participants are unable to travel to clinical study sites as a result of quarantines or other restrictions resulting from the COVID-19 pandemic, we may experience higher drop-out rates or delays in clinical studies once commenced.

Government-imposed quarantines and restrictions may also require us to temporarily terminate our clinical sites once commenced. We cannot predict the ultimate impact of the COVID-19 pandemic as consequences of such an event are highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, our clinical studies or as a whole; however, the COVID-19 pandemic may materially disrupt or delay our business operations, further divert the attention and efforts of the medical community to coping with COVID-19, disrupt the marketplace in which we operate, and/or have a material adverse effect on our operations.

Moreover, the various precautionary measures taken by many governmental authorities around the world in order to limit the spread of the coronavirus has had and may continue to have an adverse effect on the global markets and global economy generally, including on the availability and pricing of employees, resources, materials, manufacturing and delivery efforts and other aspects of the global economy. There have been business closures and a substantial reduction in economic activity in countries that have been significantly affected by COVID-19. Significant uncertainty remains as to the potential impact of the COVID-19 pandemic on the global economy as a whole. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic could materially disrupt our business and operations, interrupt our sources of supply, hamper our ability to raise additional funds or sell or securities, continue to slow down the overall economy or curtail consumer spending.

***Business interruptions could delay us in the process of developing our future products.***

We are vulnerable to natural disasters such as earthquakes and wild fires, as well as other events that could disrupt our operations. We do not carry insurance for earthquakes or other natural disasters and we may not carry sufficient business interruption insurance to compensate us for losses that may occur. Any losses or damages we incur could have a material adverse effect on our business operations.

**Risks Related to Us Being an Israeli Company**

***Shareholders may have difficulties enforcing a U.S. judgment, including judgments based upon the civil liability provisions of the U.S. federal securities laws, against us or our executive officers and directors, or asserting U.S. securities laws claims in Israel.***

Service of process upon us in Israel or upon our non-U.S. resident directors and officers may be difficult to obtain within the United States and it may be difficult to enforce judgments obtained in the United States against our non-U.S. directors and executive officers. In addition, we have been informed by our legal counsel in Israel that it may be difficult to assert claims under U.S. securities laws in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws against us or our officers and directors because Israel may not be the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our officers and directors in Israel.

Moreover, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel or due to, among other reasons, absence of due process, or the existence of a

judgment which is at variance with another judgment that was given in the same matter if a suit in the same matter between the same parties was pending before a court or tribunal in Israel.

***Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.***

Since we are incorporated under Israeli law, the rights and responsibilities of our shareholders are governed by our articles of association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders of U.S.-based corporations. In particular, a shareholder of an Israeli company, such as us, has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards us and other shareholders and to refrain from abusing its power in us, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to our articles of association, an increase of our authorized share capital, a merger, and approval of related party transactions that require shareholder approval. A shareholder also has a general duty to refrain from taking advantage of other shareholders. In addition, a controlling shareholder (as defined below), or any shareholder who knows that it possesses the power to determine the outcome of a shareholders' vote, or who has the power to appoint or prevent the appointment of one of our office holders (as defined below), or who holds any other power in our regard, has a duty to act in fairness towards us. However, Israeli law does not define the substance of this duty of fairness. There is little Israeli case law addressing the provisions described above, and these provisions may be interpreted to impose additional obligations and liabilities on our shareholders that are not typically imposed on shareholders of U.S. corporations.

***Provisions of Israeli law may delay, prevent or otherwise impede a merger with, or an acquisition of, our company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.***

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders, and regulates other matters that may be relevant to these types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date that a merger proposal was filed by each merging company with the Israel Registrar of Companies, and at least 30 days from the date that the shareholders of both merging companies approved the merger. In addition, the holder of a majority of each class of securities of the target company must approve a merger. Moreover, a full tender offer can only be completed if the acquirer receives at least 95% of the issued share capital (provided that a majority of the offerees that do not have a personal interest in such tender offer shall have approved the tender offer, except that if the total votes to reject the tender offer represent less than 2% of the company's issued and outstanding share capital, in the aggregate, approval by a majority of the offerees that do not have a personal interest in such tender offer is not required to complete the tender offer), and the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, petition the court to alter the consideration for the acquisition (unless the acquirer stipulated in the tender offer that a shareholder that accepts the offer may not seek appraisal rights).

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to those of our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances, but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no actual disposition of the shares has occurred. Additional tax considerations or exemptions from the foregoing may apply to certain non-Israeli tax resident shareholders; please refer to the section headed "Taxation" below.

These and other similar provisions could delay, prevent or impede an acquisition of us or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders.

**Risks Related to Ownership of Our ADSs and Ordinary Shares**

***We may not be able to raise additional funds unless we increase our authorized share capital.***

As of April 12, 2012, we had 50,000,000,000 authorized ordinary shares, out of which 3,354,653,999 ordinary shares were issued and outstanding (which excludes 2,641,693 shares held in treasury), and 8,825,290,117 ordinary shares reserved for purposes of our Amended and Restated Equity Incentive Plan described below and for the exercise of our options and warrants. Any equity financing necessary in order to fund our operations may require us to increase our authorized share capital prior to initiating any such financing transaction. Increasing our share capital is subject to the approval of our shareholders. In the event we fail to obtain the approval of our shareholders to such increase in our authorized share capital, our ability to raise sufficient funds, if at all, might be adversely effected.

***We do not know whether a market for our securities will be sustained or what the trading price of our securities will be and as a result it may be difficult for you to sell our securities held by you.***

Although our ADSs trade on Nasdaq, an active trading market for the ADSs may not be sustained. It may be difficult for you to sell your ADSs without depressing the market price for the ADSs. As a result of these and other factors, you may not be able to sell your ADSs. Further, an inactive market may also impair our ability to raise capital by issuing securities and may impair our ability to enter into strategic partnerships or acquire companies or products by using our equity as consideration.

***The requirements of being a publicly traded company may strain our resources and divert management's attention.***

As a publicly traded company, we have incurred, and will continue to incur, significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), as well as rules subsequently implemented by the SEC and Nasdaq under such acts have imposed various requirements on public companies. Shareholder activism, the current political environment and the current high level of government regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate. Our management will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain our current levels of such coverage.

***Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business, results of operation or financial condition. In addition, current and potential shareholders could lose confidence in our financial reporting, which could have a material adverse effect on the price of the ADSs.***

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We will be required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. Disclosing deficiencies or weaknesses in our internal controls, failing to remediate these deficiencies or weaknesses in a timely fashion or failing to achieve and maintain an effective internal control environment may cause investors to lose confidence in our reported financial information, which could have a material adverse effect on the price of the ADSs. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed.

***We are a "foreign private issuer" and have disclosure obligations that are different from those of U.S. domestic reporting companies.***

We are a foreign private issuer and are not subject to the same requirements that are imposed upon U.S. domestic issuers by the Securities and Exchange Commission (the "SEC"). Under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we will be subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. For example, we will not be required to issue quarterly reports or proxy statements that comply with the requirements applicable to U.S. domestic reporting companies. Furthermore, although as an Israeli public company listed overseas we will be required to disclose the compensation of our five most highly compensated officers on an individual basis, this disclosure may not be as extensive as that required of U.S. domestic reporting companies. We will also have four months after the end of each fiscal year to file our annual reports with the SEC and will not be required to file current reports as frequently or promptly as U.S. domestic reporting companies. Furthermore, our officers, directors and principal shareholders will be exempt from the requirements to report transactions and short-swing profit recovery required by Section 16 of the Exchange Act. Also, as a "foreign private issuer," we are not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act. These exemptions and leniencies will reduce the frequency and scope of information and protections available to you in comparison to those applicable to a shareholder of a U.S. domestic reporting companies.

***As a "foreign private issuer," we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable SEC and Nasdaq requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.***

As a "foreign private issuer," we are permitted to follow certain home country corporate governance practices instead of those otherwise required under the listing rules of Nasdaq for domestic U.S. issuers. For instance, we follow home country practice in Israel with regard to, among other things, director nomination procedures, compensation committee matters and approval of interested party transactions. In addition, we will follow our home country law instead of the listing rules of Nasdaq that require that we obtain shareholder approval for certain dilutive events, such as an issuance that will result in a change of control of us, certain transactions other than a public offering involving issuances of a 20% or greater interest in the company, and certain acquisitions of the stock or assets of another company. There are however, certain, home country practices that, in accordance with Israeli law, we have opted not to follow – in particular those rules relating to the appointment of "External Directors" (see "*Board Practices – External Directors*"). We may in the future elect to follow home country corporate governance practices in Israel with regard to other matters. Following our home country corporate governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on Nasdaq may provide less protection to you than what is accorded to investors under the listing rules of Nasdaq applicable to domestic U.S. issuers.

***We may be unable to comply with the applicable continued listing requirements of Nasdaq.***

ADSs representing our ordinary shares are currently listed on Nasdaq. In order to maintain this listing, we must satisfy minimum financial and other continued listing requirements and standards, including a minimum closing bid price requirement for our ADSs of $1.00 per ADS. There can be no assurance that we will be able to comply with the applicable listing standards. For example, if we were to fail to meet the minimum bid price requirement for 30 consecutive business days, we could become subject to delisting. Although Nasdaq may provide us with a compliance period in which to regain compliance with the minimum bid price requirement, we cannot assure you that we would be able to regain compliance within the period provided by Nasdaq. In order to regain compliance with such requirement, the closing bid price of our ADSs would need to meet or exceed $1.00 per share for at least 10 consecutive business days during the compliance period. If we were not able to regain compliance within the allotted compliance period for this requirement or any other applicable listing standard, including any extensions that may be granted by Nasdaq, our ADSs would be subject to delisting. In the event that our ADSs are delisted from Nasdaq and are not eligible for quotation or listing on another market or exchange, trading of our ADSs could be conducted only in the over-the-counter market established for unlisted securities such as OTC Markets. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for our ADSs, which could cause the price of our ADSs to decline further.

***If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our traded securities, our securities price and trading volume could be negatively impacted.***

The trading market for our securities will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We do not have any control over these analysts, and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding the ADSs, or provide more favorable relative recommendations about our competitors, the price of the ADSs would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could negatively impact the price of the ADSs or their trading volume.

***The market price for our ADSs may be volatile.***

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to numerous factors including the following:

- our failure to obtain the approvals necessary to commence clinical trials;
- results of clinical and preclinical studies;
- announcements of regulatory approval or the failure to obtain it, or changes or delays in the regulatory review process;
- announcements of new products or product enhancements by us or others;
- adverse actions taken by regulatory agencies with respect to our clinical trials, manufacturing supply chain or sales and marketing activities;
- changes or developments in laws, regulations or decisions applicable to our product candidates or patents;
- any adverse changes to our relationship with manufacturers or suppliers;
- announcements concerning our competitors or healthcare industries in general;
- achievement of expected product sales and profitability or our failure to meet expectations;
- our commencement of or results of, or involvement in, litigation, including, but not limited to, any product liability actions or intellectual property infringement actions;
- any major changes in our board of directors, management or other key personnel;
- announcements by us of significant strategic partnerships, out-licensing, in-licensing, joint ventures, acquisitions or capital commitments;
- expiration or terminations of licenses, research contracts or other collaboration agreements;
- public concern as to the safety of our products that we, our licensees or others develop;
- success of research and development projects;
- developments concerning intellectual property rights or regulatory approvals;

- variations in our and our competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts, if our ordinary shares or the ADSs are covered by analysts;
- future issuances of ordinary shares, ADSs or other securities;
- general market conditions and other factors, including factors unrelated to our operating performance, such as natural disasters and political and economic instability, including wars, terrorism, political unrest, results of certain elections and votes, emergence of a pandemic, or other widespread health emergencies (or concerns over the possibility of such an emergency, including for example, the COVID-19 pandemic), boycotts, adoption or expansion of government trade restrictions, and other business restrictions; and
- the other factors described in this "Risk Factors" section.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of the ADSs, which would result in substantial losses by our investors. In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These market fluctuations may also have a material adverse effect on the market price of the ADSs.

***We may be at risk of securities class action litigation.***

We may be at risk of securities class action litigation. This risk is especially relevant for us due to our dependence on positive clinical trial outcomes and regulatory approvals of our product candidates. In the past, medical, biotechnology and pharmaceutical companies have experienced significant stock price volatility, particularly when associated with such events such as clinical trials and product approvals. If we face such litigation, it could result in substantial costs, divert management's attention and resources, and have a material adverse effect on our business, operating results and prospects.

***Substantial future sales or perceived potential sales of our ordinary shares or ADSs in the public market could cause the price of our ADSs decline.***

Substantial sales of our ADSs on Nasdaq may cause the market price of our ADSs to decline. Sales by us or our security holders of substantial amounts of our ADSs or the perception that these sales may occur in the future, could cause a reduction in the market price of our shares ADSs. The issuance of any additional ordinary shares or any additional ADSs, or any securities that are exercisable for or convertible into our ordinary shares or ADSs, may have an adverse effect on the market price of our ADSs and will have a dilutive effect on our existing shareholders and holders of ADSs.

***Your percentage ownership in us may be diluted by future issuances of share capital, which could reduce your influence over matters on which shareholders vote.***

We expect that significant additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our shareholders may experience substantial dilution. Pursuant to our equity incentive plan, our management may grant options to our employees, directors and consultants. We may sell ordinary shares represented by ADSs, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time, any of which may result in material dilution to our existing shareholders. New investors could also be issued securities with rights superior to those of our existing shareholders.

***We have not paid, and do not intend to pay, dividends on our ordinary shares and, therefore, unless our traded securities appreciate in value, our investors may not benefit from holding our securities.***

We have not paid any cash dividends on our ordinary shares, and we do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future. Moreover, the Companies Law imposes certain restrictions on our ability to declare and pay dividends. As a result, investors in our ADSs or ordinary shares will not be able to benefit from owning

these securities unless their market price becomes greater than the price paid by such investors and they are able to sell such securities. We cannot assure you that you will ever be able to resell our securities at a price in excess of the price paid.

***If we pay dividends or other distributions, an ADS holder may not receive the same distributions or dividends as those we make to the holders of our ordinary shares, and, in some limited circumstances, you may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.***

The depositary for the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying the ADSs, after deducting its fees and expenses. You will receive these distributions, if any, in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act, but that are not properly registered or distributed under an applicable exemption from registration. In these cases, the depositary may determine not to distribute such property and hold it as "deposited securities" or may seek to effect a substitute dividend or distribution, including net cash proceeds from the sale of the dividends that the depositary deems an equitable and practicable substitute. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. In addition, the depositary may withhold from such dividends or distributions its fees and an amount on account of taxes or other governmental charges to the extent the depositary believes it is required to make such withholding. This means that you may not receive the same distributions or dividends as those we make to the holders of our ordinary shares, and, in some limited circumstances, you may not receive any value for such distributions or dividends if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the ADSs.

***Holders of ADSs must act through the depositary to exercise their rights.***

Holders of the ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement for the ADSs. Under Israeli law and our articles of association, the minimum notice period required to convene a shareholders meeting is no less than 35 or 14 calendar days, depending on the proposals on the agenda for the shareholders meeting. When a shareholder meeting is convened, holders of the ADSs may not receive sufficient notice of a shareholders meeting to permit them to withdraw their ordinary shares to allow them to cast their vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to holders of the ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of the ADSs in a timely manner, but we cannot assure holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of the ADSs may not be able to exercise their right to vote and they may lack recourse if their ADSs are not voted as they requested. In addition, in the capacity as a holder of ADSs, they will not be able to call a shareholders meeting.

***You may be subject to limitations on transfer of your ADSs.***

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason in accordance with the terms of the deposit agreement.

## ITEM 4. INFORMATION ON THE COMPANY

### A. History and Development of the Company

Our legal and commercial name is Quoin Pharmaceuticals Ltd. We were incorporated under the laws of the State of Israel in 1986 and operate under the Companies Law. Our registered office is located in Azrieli Center, Round Tower, 30th Floor, 132 Menachem Begin Blvd, Tel Aviv, 6701101, Israel and our telephone number is +972-972 58-448-8821. Our agent for service of process in the United States is Corporation Services Company, 251 Little Falls Drive, Wilmington, Delaware 19808. We have been a public company traded on the Tel Aviv Stock Exchange ("TASE") from 1990 until September 2017 (when our shares were delisted from TASE), and our American Depositary Shares ("ADS") have been listed on the Nasdaq Capital Market since July 29, 2016. ADSs listed on the Nasdaq Capital Market traded through the close of business on October 27, 2021 under the ticker symbol "APOP," and commenced trading on the Nasdaq Capital Market under the ticker symbol "QRNX" on October 29, 2021 in connection with the Merger (as defined below). Each ADS represents 400 ordinary shares of Quoin Ltd.

We were incorporated under the name Montiger Ltd. Between 1986 and 2021 we underwent several name changes, including the name change to Cellect Biotechnology Ltd. in July 2016 and most recently in October 2021 in connection with the business combination with Quoin Inc.

On October 28, 2021, Cellect Biotechnology Ltd. ("Cellect") completed the business combination with Quoin Inc. in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of March 24, 2021 (the "Merger Agreement"), by and among Cellect, Quoin Inc. and CellMSC, Inc., a Delaware corporation and wholly-owned subsidiary of Cellect ("Merger Sub"), pursuant to which Merger Sub merged with and into Quoin Inc., with Quoin Inc. surviving as a wholly-owned subsidiary of Cellect (the "Merger"), and all officers and directors of Cellect resigned from their positions in connection with the Merger. Immediately after completion of the Merger, Cellect changed its name to "Quoin Pharmaceuticals, Ltd."

Concurrently with the Merger, Cellect completed the sale of its subsidiary, Cellect Biotherapeutics Ltd., to EnCellX, Inc. (the "Share Transfer") and entered into a Contingent Value Rights Agreement dated as of October 28, 2021 (the "CVR Agreement"). Upon the closings of the Merger and Share Transfer, the holders of Cellect's ordinary shares immediately prior to the Merger, including the Depositary for the ADS, became entitled to one contingent value right ("CVR") for each ordinary share outstanding. Pursuant to the Deposit Agreement governing the ADS, on November 5, 2021, the Depositary distributed the CVRs pro rata to the holders of record of the ADSs as of the close of business on October 27, 2021 ("Eligible ADS Holders").

For a discussion of material cash requirements, including capital expenditures, see Item 5.B - "*Liquidity and Capital Resources*" below.

The SEC maintains an Internet web site at http://www.sec.gov that contains reports and other material that are filed through the SEC's Electronic Data Gathering, Analysis and Retrieval, or EDGAR, system. Our website is located at www.quoinpharma.com.

The information on our website is not incorporated by reference into this Annual Report.

### B. *Business Overview.*

**Company Overview**

We are an emerging specialty pharmaceutical company dedicated to developing products that help treat rare and orphan diseases for which there are currently no approved treatments. We believe the rare and orphan disease space represents an attractive commercial opportunity for a number of reasons.

Our initial focus is on the development of products, using our proprietary owned and in-licensed technology, that could help address rare skin diseases for which there are currently no approved treatments or cures. Our 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. In addition, we intend to pursue the clinical development of QRX003 in other rare dermatological diseases including Peeling Skin Syndrome, SAM Syndrome, and Palmoplantar Keratoderma. We are also developing QRX004 as a potential treatment for Dystrophic Epidermolysis Bullosa. In addition, we are also developing QRX006 as a potential therapy for an, as of yet, undisclosed rare skin disease. A provisional patent application for QRX006 was filed with the USPTO in May 2021.

***Netherton Syndrome***

NS is a rare autosomal recessive genetic disease caused by a mutation in the SPINK5 gene and has an incidence of approximately 1/200,000 births. The SPINK5 gene encodes a protein, called lympho-epithelial kazal type related inhibitor ("LEKTI") that serves as a brake system on the activity of certain proteases (enzymes that digest proteins) in the skin called Kallikreins. The absence of the LEKTI protein as a result of the genetic defect that causes NS leads to unregulated protease activity in the skin by the Kallikreins, resulting in too few layers of the outer skin (stratum corneum), thereby leading to a highly defective and compromised skin barrier.

Newborns with NS have reddened skin (erythroderma) and sometimes a thick parchment-like covering of skin (collodion membrane). The skin is red and scaly all over. Hair shafts are fragile and break easily due to trichorrhexis or "bamboo hair," resulting in short sparse hair. In older children and adults the scaling may have a distinctive circular pattern (ichthyosis linearis circumflexa). Another characteristic of NS is a predisposition to allergies, asthma, and eczema.

Babies with NS may be born prematurely. Trouble gaining weight in infancy and childhood is common and can be severe. Infants may also have recurrent skin infections and septicemia. They may develop hypernatremia (elevated sodium levels in the blood) due to excessive loss of fluid from the skin surface. Because hairs may not be affected at birth, and then may be sparse in all babies in the first months of life, the characteristic hair defect that is diagnostic of NS may not be detected initially.

Infants with NS may be misdiagnosed as having congenital ichthyosiform erythroderma ("CIE"), atopic dermatitis or psoriasis. Atopic dermatitis (red, itchy patches of skin) may be present and a cradle cap-like scale and redness may appear on the face, scalp and eyebrows.

***Unmet Medical Needs in NS***

The target indication for QRX003 is the treatment of NS. There are currently no approved therapies to treat NS. In the absence of an approved therapeutic product, only certain symptoms of NS can be treated, generally by the regular use of emollients and moisturizing creams and lotions. Other topical agents must be used with caution because the skin in NS patients may allow ingredients from some topically applied medications to be absorbed into the bloodstream, which may pose a danger to the patient. Use of topical keratolytic agents, such as urea or lactic acid derivatives, may be limited by skin irritation and is generally be reserved for older children or adults. Base line treatment may also include oral antihistamines, which can help to control the itchy, eczematous component, and topical or systemic antibiotics as needed. Oral and topical steroids are beneficial in reducing inflammation and the eczematous component of the disease. However, the well-documented side effects of long-term steroid use need to be considered. There is a critical need for a new and effective treatment for NS

***Rationale for Developing QRX003 as a Potential Treatment for NS***

QRX003 is a once-daily topical lotion being developed for the treatment of NS. The active ingredient in QRX003 is a competitive broad-spectrum serine protease inhibitor whose mechanism of action is to target the Kallikreins responsible for the process of skin shedding. As a result of the genetic mutation of the SPINK5 gene, that causes NS, these Kallikreins go unregulated and become hyperactive resulting in the uncontrolled desquamation that leads to the highly defective skin barrier in NS patients. When applied daily to the skin, QRX003 is designed to act to regulate the activity of these Kallikreins, leading to a more normalized skin shedding process and the formation of a stronger and more effective skin barrier.

***Regulatory Status of QRX003 for the Treatment of NS***

On November 29, 2019 we submitted a pre-IND ("PIND") meeting request to the FDA regarding the proposed development of QRX003 as a potential treatment for NS. On December 20, 2019, we received a letter from the FDA stating that written responses to the questions we posed in the PIND submission would be given in-lieu of an in-person meeting. We subsequently submitted a background package to the FDA on December 26, 2019 that provided information on the product and the proposed clinical plan along with a series of questions we wished to obtain agency feedback on. We received those written responses from the FDA on January 30, 2020. The feedback provided by the FDA has provided us with a clear path forward for the development of QRX003 as a potential treatment for NS.

With regard to the proposed clinical program, the agency confirmed that in the case of a rare disease, findings from a single Phase 3 trial along with supportive data could be used to establish efficacy. With regard to IND-enabling nonclinical studies, while the agency stated that the typical battery toxicology studies would apply to this product candidate, the agency expressed a willingness to consider the sufficiency of already-conducted studies in the public literature in the absence of GLP toxicity studies in animals. In response to our query, the agency stated that the QRX003 may be a candidate for one or more expedited programs.

We submitted an IND in March 2022 to the FDA to initiate a clinical study of QRX003 in adult NS patients. In March 2022, we submitted a briefing document to the EMA seeking guidance regarding the clinical and regulatory development of QRX003 for the EU. We also intend to apply for Orphan Drug status as well as Pediatric Disease designation for QRX003 at a later date. To date, no NS patients have been tested with QRX003.

***Safety of QRX003 in the Treatment of NS***

The safety of QRX003 in NS patients has not been assessed as of yet.

***Commercial Strategy***

QRX003 has the potential to become the first approved treatment for NS to reach the market both in the U.S. and Europe and may therefore likely be used in a large proportion of patients. We currently anticipate that QRX003, if approved, would be applied once daily to the diseased skin over the patient's entire body. Because NS is a chronic disease and does not spontaneously resolve, we believe there is an opportunity for the product, should it be approved, for long-term chronic use.

We intend to self-commercialize QRX003, and other rare disease products the company may develop, if approved, in both the U.S. and Europe. Because of the very low number of patients and the fact that diagnosis and treatment are generally provided by a relatively small number of board-certified dermatologists in major urban areas, this concentration of care will enable us to market QRX003 with a small, dedicated salesforce to target patients and caregivers. Outside of the U.S and in Europe, we have currently established marketing partnerships for QRX003 that cover approximately 60 different countries including Australia, New Zealand, the Middle East, Central and Eastern Europe, Turkey and some countries in Latin America.

Once the commercial infrastructure has been established for QRX003 for Netherton Syndrome, the subsequent approval and addition of new rare disease indications or products will not result in a significant increase in the size of that infrastructure. In particular, it is highly likely that physicians who treat patients with Netherton Syndrome would also treat patients with Peeling Skin Syndrome, SAM Syndrome, Palmoplantar Keratoderma and Epidermolysis Bullosa, enabling our sales personnel to discuss several products, once approved, with each treating physician.

A key element of our commercial strategy will be to add new products to our portfolio beyond those which we develop ourselves. This will be achieved through in-licensing, acquisition or the establishment of research partnerships with universities or other institutions. While it is intended that that these products will treat rare and orphan diseases, we may widen our scope of interest beyond rare skin diseases as we believe this will not add significant incremental burden to an already established commercial infrastructure.

***Pricing***

We have not conducted a formal pricing analysis of QRX003 in NS. We anticipate that pricing at launch may be influenced by the product label negotiated with the FDA, pharmacoeconomic data developed to support pricing and the potential for greater sales under negotiated government contracts.

***Competition***

Currently, there are no approved products to treat NS. However, to our knowledge, there are a number of therapeutic products at various stages of development for the treatment of NS, including candidates from LifeMax Laboratories, PellePharma, Krystal Biotech, Sixera Pharmaceuticals, QID Pharmaceuticals, Azitra and Dermadis. Currently, to the best of our knowledge there are no active studies on NS patients being conducted under an open IND.

**Manufacturing**

Our manufacturing strategy is to contract with third parties to manufacture our clinical and commercial API and drug product supplies. The formulation and processes used to manufacture our products are proprietary, and are covered by multiple issued U.S. patents and counterparts in other regions of the world, and we have agreements with various third-party manufacturers and suppliers, such as Ferndale Contract Manufacturing and TopChem Pharmaceuticals Limited, that are intended to restrict these manufacturers from using or revealing any unpublished proprietary information.

**Exclusive Licensing Agreement with Skinvisible Pharmaceuticals, Inc.**

In October 2019, we entered into an Exclusive Licensing Agreement the (as amended from time to time, the "License Agreement") with Skinvisible Pharmaceuticals, Inc. ("Skinvisible"), under which Skinvisible granted us an exclusive royalty-bearing license relating to the production and manufacture of prescription drug products related to certain patents held by Skinvisible, including those related to QRX003. Once the License Fee (as defined below) is fully paid, the grant of the rights under the License Agreement fully come into effect. Until then our rights will be limited to R&D, clinical trial and regulatory submission uses only. We are required to pay Skinvisible a one-time non-refundable, non-creditable license fee of $1 million dollars (the "License Fee"). In addition, we agreed to pay Skinvisible a single digit royalty percentage of our net sales revenues for any licenses product relating the patent rights licensed to us under the License Agreement. We also agreed to pay Skinvisible 25% of any revenues we receive as royalties in the event that we sublicense any licensed products to a third party. The License Agreement also requires that we make a $5 million payment to Skinvisible upon receiving approval in the US for the first drug product developed using intellectual property licensed thereunder.

**Employees**

As of December 31, 2021, we had four employees.

**Regulatory**

***General***

Government authorities in the United States and other countries extensively regulate, among other things, the pre-clinical and clinical testing, manufacturing, labeling, storage, record-keeping, advertising, promotion, export, marketing and distribution of pharmaceutical products. In the United States, pharmaceutical products are subject to rigorous review under the Federal Food, Drug, and Cosmetic Act, and other federal statutes and regulations.

***FDA Approval Process***

To obtain approval of our product candidates from the FDA, we must, among other requirements, demonstrate in preclinical studies and well-controlled clinical trials that the product is safe and effective for its intended use and that the

manufacturing facilities, processes and controls are adequate to preserve the drug's identity, strength, quality and purity. The drug approval process generally includes:

- preclinical laboratory tests, *in vitro* and *in vivo* preclinical studies and formulation and stability studies;
- the submission to the FDA of an application for human clinical testing, which is known as an investigational new drug application ("IND");
- adequate and well-controlled human clinical trials to demonstrate the safety and effectiveness of the drug;
- the submission to the FDA of a new drug application ("NDA") for a drug; and
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with current GMP, ("cGMP"), requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;
- the approval by the FDA of an NDA.

Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies. Preclinical trials must also be conducted in accordance with FDA and comparable foreign authorities' legal requirements, regulations or guidelines, including Good Laboratory Practice ("GLP"). Violations of these regulations can, in some cases, lead to invalidation of the studies, requiring them to be replicated. Before human clinical testing can begin, a sponsor must submit the results of the preclinical tests, together with manufacturing information and analytical data, to the FDA as part of the IND, a request for authorization from the FDA to administer an investigational new drug product to humans.

A 30 day waiting period after the submission of each IND is required prior to the commencement of clinical testing in humans. If the FDA has neither commented on nor questioned the IND within this 30 day period, the clinical trial proposed in the IND may begin. Clinical trials involve the administration of the investigational drug to healthy volunteers or patients under the supervision of a qualified investigator. Clinical trials must be conducted: (i) in compliance with federal regulations; (ii) in compliance with good clinical practices ("GCP"), an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators, and monitors; as well as (iii) under protocols detailing the objectives of the trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to the FDA as part of the IND. Clinical trials must be conducted under the supervision of one or more qualified investigators pursuant to protocols detailing, among other things, the objectives of the trial, dosing procedures, subject selection and exclusion criteria and the safety and effectiveness criteria to be evaluated. For each institution where a clinical trial will be conducted, an institutional review board ("IRB") must review and approve the clinical trial protocol and informed consent form required to be provided to each trial subject or his or her legal representative prior to a clinical trial commencing, and conduct on-going monitoring of the study until completed or termination to assure that appropriate steps are taken to protect the human subjects participating in the research.

The FDA may order the temporary or permanent discontinuation of a clinical trial at any time, or impose other sanctions, if it believes that the clinical trial either is not being conducted in accordance with FDA regulations or presents an unacceptable risk to the clinical trial patients. Imposition of a clinical hold may be full or partial. The IRB will also monitor the clinical trial until completed. An IRB may also require the clinical trial at the site to be halted, either temporarily or permanently, for failure to comply with the IRB's requirements, or may impose other conditions. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether a trial may move forward at designated checkpoints based on access to certain data from the trial.

Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

Phase 1: In Phase 1 studies, the product candidate is initially introduced into healthy human volunteers and tested for safety, dosage and tolerability, absorption, distribution, metabolism and excretion and, effect on the body.

Phase 2: Phase 2 studies are conducted in a limited patient population. These studies continue to evaluate safety while gathering preliminary data on effectiveness in patients with the targeted disease or condition.

Phase 3: Phase 3 trials further evaluate efficacy and safety in an expanded patient population, generally at geographically dispersed clinical study sites. These clinical trials are intended to establish the overall risk-benefit ratio of the product candidate and provide, if appropriate, an adequate basis for product labeling. In most cases, the FDA requires two adequate and well-controlled Phase 3 clinical trials to demonstrate the safety and efficacy of the drug. In rare instances, a single Phase 3 trial may be sufficient when either

(1) the trial is a large, multicenter trial demonstrating internal consistency and a statistically very persuasive finding of a clinically meaningful effect on mortality, irreversible morbidity or prevention of a disease with a potentially serious outcome and confirmation of the result in a second trial would be practically or ethically impossible or (2) the single trial is supported by other confirmatory evidence. Approval on the basis of a single trial may be subject to a requirement for additional post-approval studies.

Post-approval studies, sometimes referred to as Phase 4 studies, may be conducted after initial marketing approval. These studies are used to gather additional information about a product's safety and/or efficacy in patients affected by the therapeutic indication.

After completion of the required clinical testing, an NDA is prepared and submitted to the FDA. FDA approval of the NDA is required before marketing and distribution of the product may begin in the United States. The NDA must include the results of all preclinical, clinical, and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture, and controls. The submission of most NDAs is subject to the payment of a substantial application user fee. . Under an approved NDA, the applicant is also subject to an annual program fee. These fees typically increase annually. An NDA for a drug that has been designated as an orphan drug is not subject to an application fee, unless the NDA includes an indication for other than a rare disease or condition.

Pursuant to the current Prescription Drug User Fee Act ("PDUFA"), goals, FDA's goal for acting on the submission of an NDA for a new molecular entity is ten months from the date the FDA files the NDA. The FDA conducts a preliminary review of an NDA within 60 days after submission to determine whether it is sufficiently complete to permit substantive review, before determining whether to file the NDA. This two-month preliminary review effectively extends the typical NDA review period to twelve months. In rare cases, the FDA may request additional information rather than file an NDA. In this event, the NDA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing.

The FDA may also refer applications for novel pharmaceutical products, as well as pharmaceutical products that present difficult questions of safety or efficacy, to be reviewed by an advisory committee, typically a panel that includes clinicians, statisticians and other experts. for review, evaluation, and a recommendation as to whether the NDA should be approved. The FDA is not bound by the recommendation of an advisory committee, but generally follows such recommendations. Before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. Additionally, the FDA will inspect the facility or the facilities at which the pharmaceutical product is manufactured. The FDA will not approve the product unless compliance with cGMP is satisfactory and the NDA contains data that provide substantial evidence that the drug is safe and effective in the respective claimed indication.

Following the FDA's evaluation of an NDA, it will issue an approval letter or a complete response letter ("CRL"). An approval letter authorizes the sponsor to begin commercial marketing of the drug for specific indications. A CRL means that the review cycle of the application is complete and the application will not be approved in its present form. A CRL describes the specific deficiencies in the NDA identified by the FDA and may recommend actions that the applicant might take, including providing additional clinical data, such as an additional Phase 3 trial or other significant and time

consuming requirements related to clinical trials, nonclinical studies or manufacturing, to resolve the deficiencies . If a CRL is issued, the sponsor must resubmit the NDA addressing all of the deficiencies identified in the letter, or withdraw the application. Even if the sponsor submits the recommended data and information, the FDA may decide that the NDA does not satisfy the criteria for approval.

As condition to a product's regulatory approval, the FDA may require a sponsor to conduct Phase 4 studies designed to further assess the drug's safety and effectiveness after NDA approval, or may require other testing and surveillance programs to monitor the safety of the approved product. The FDA may also place other conditions on approval including the requirement for a risk evaluation and mitigation strategy ("REMS") to assure the safe use of the drug. A REMS could include medication guides, communication plans to healthcare professionals or other elements to assure safe use, such as provider certification or training, restricted distribution methods, and patient registries.

There are a variety of regulations governing clinical trials and requirements for obtaining marketing approval for pharmaceutical products outside the United States. Whether or not FDA approval has been obtained, approval of a product by the comparable regulatory authorities of foreign countries and regions must be obtained prior to the commencement of marketing the product in those countries. The approval process varies from one regulatory authority to another and the time may be longer or shorter than that required for FDA approval. In the EU, Canada and Australia, regulatory requirements and approval processes are similar, in principle, to those in the United States.

***Disclosure of Clinical Trial Information***

Sponsors of clinical trials of FDA-regulated products, including drugs and biologic products, are required to register and disclose certain clinical trial information on the website www.clinicaltrials.gov. Information related to the product, patient population, phase of investigation, trial sites and investigators, and other aspects of a clinical trial are then made public as part of the registration. Sponsors are also obligated to disclose the results of their clinical trials after completion. Disclosure of the results of clinical trials can be delayed in certain circumstances for up to two years after the date of completion of the trial. Competitors may use this publicly available information to gain knowledge regarding the progress of clinical development programs as well as clinical trial design.

***Pediatric Information***

Under the Pediatric Research Equity Act ("PREA"), NDAs or supplements to NDAs must contain data to assess the safety and effectiveness of the drug product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant full or partial waivers, or deferrals, for submission of data. Unless otherwise required by regulation, PREA does not apply to any product with orphan product designation except a product with a new active ingredient that is a molecularly targeted cancer product intended for the treatment of an adult cancer and directed at a molecular target determined by FDA to be substantially relevant to the growth or progression of a pediatric cancer.

The Best Pharmaceuticals for Children Act ("BPCA") provides a six-month extension of any patent or non-patent exclusivity for a drug if certain conditions are met. Conditions for exclusivity include the FDA's determination that information relating to the use of a new drug in the pediatric population may produce health benefits in that population, FDA making a written request for pediatric studies, and the applicant agreeing to perform, and reporting on, the requested studies within the statutory timeframe. Applications under the BPCA are treated as priority applications, with all of the benefits that designation confers.

***Expedited Programs***

FDA is required to facilitate the development, and expedite the review, of drug products that are intended for the treatment of a serious or life-threatening disease or condition for which there is no effective treatment and which demonstrate the potential to address unmet medical needs for the condition. Fast track designation may be granted for products that are intended to treat a serious or life-threatening disease or condition for which there is no effective treatment and preclinical or clinical data demonstrate the potential to address unmet medical needs for the condition. Fast track designation applies to both the product and the specific indication for which it is being studied. Any product submitted to FDA for marketing,

including under a fast track program, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review.

Priority review may be granted for products that are intended to treat a serious or life-threatening condition and, if approved, would provide a significant improvement in safety and effectiveness compared to available therapies. FDA will attempt to direct additional resources to the evaluation of an application designated for priority review in an effort to facilitate the review.

FDA is also required to expedite the development and review of applications for approval of products that are intended to treat a serious or life-threatening disease or condition where preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. Under the breakthrough therapy program, the sponsor of a new product candidate may request that FDA designate the product candidate for a specific indication as a breakthrough therapy concurrent with, or after, the submission of the IND for the product candidate. FDA must determine if the product candidate qualifies for breakthrough therapy designation within 60 days of receipt of the sponsor's request. The FDA may take certain actions with respect to breakthrough therapies, including holding meetings with the sponsor throughout the development process, providing timely advice to the product sponsor regarding development and approval, involving more senior staff in the review process, assigning a cross disciplinary project lead for the review team and taking other steps to design the clinical studies in an efficient manner.

***Orphan Drug Designation***

Pursuant to the Orphan Drug Act, FDA may grant special status, or orphan designation, to a drug intended to treat a rare disease or condition, which is a defined as a disease or condition that affects fewer than 200,000 individuals in the United States, or there is no reasonable expectation that the sales of the product will offset the cost of developing and making the drug available in the United States. A request for orphan drug designation must be submitted before the NDA is submitted. Following the grant of orphan designation, FDA will publicly disclose the identity of the therapeutic drug candidate and its potential orphan use. Orphan designation does not shorten the duration of the regulatory review and approval process.

If a drug candidate with orphan designation subsequently receives the first FDA approval for the disease or condition for which it has orphan designation, the drug is entitled to a seven-year period of market exclusivity subject to certain exceptions (e.g., clinical superiority of a subsequent product). This means that FDA may not approve another drug application authorizing another manufacturer to market the same drug for the same indication for seven years. This does not preclude competitors from receiving approval of the same product that has orphan exclusivity for a different indication or a different product for the same indication for which the orphan product has exclusivity. The orphan designation of a drug also provides the sponsor with certain financial incentives including tax credits and waiver of PDUFA fees.

***Rare Pediatric Disease Priority Review Voucher Program***

Under the Rare Pediatric Disease Priority Review Voucher program, the FDA may award a priority review voucher to the sponsor of an approved marketing application for a product that treats or prevents a rare pediatric disease. The voucher entitles the sponsor to priority review of one subsequent marketing application.

A voucher may be awarded only for an approved rare pediatric disease product application. A rare pediatric disease product application is an NDA for a product that treats or prevents a serious or life-threatening disease in which the serious or life-threatening manifestations primarily affect individuals aged from birth to 18 years; in general, the disease must affect fewer than 200,000 such individuals in the U.S.; the NDA must be deemed eligible for priority review; the NDA must not seek approval for a different adult indication (i.e., for a different disease/condition); the product must not contain an active ingredient that has been previously approved by FDA; and the NDA must rely on clinical data derived from studies examining a pediatric population such that the approved product can be adequately labeled for the pediatric population. Before NDA approval, FDA may designate a product in development as a product for a rare pediatric disease, but such designation is not required to receive a voucher.

To receive a rare pediatric disease priority review voucher, a sponsor must notify the FDA, upon submission of the NDA, of its intent to request a voucher. If the FDA determines that the NDA is a rare pediatric disease product application and

grants priority review, and if the NDA is approved, the FDA will award the sponsor of the NDA a voucher upon approval of the NDA. The FDA may revoke a rare pediatric disease priority review voucher if the product for which it was awarded is not marketed in the U.S. within 365 days of the product's approval.

The voucher, which is transferable to another sponsor, may be submitted with a subsequent NDA or biologics license application ("BLA") and entitles the holder to priority review of the accompanying NDA or BLA. The sponsor submitting the priority review voucher must notify FDA of its intent to submit the voucher with the NDA or BLA at least 90 days prior to submission of the NDA or BLA and must pay a priority review user fee in addition to any other required user fee. FDA must take action on an NDA or BLA under priority review within six months of receipt of the NDA or BLA.

The Rare Pediatric Disease Priority Review Voucher program was reauthorized in the Creating Hope Reauthorization Act in December 2020, allowing a product that is designated as a product for a rare pediatric disease prior to October 1, 2024 to be eligible to receive a rare pediatric disease priority review voucher upon approval of a qualifying NDA or BLA prior to October 1, 2026.

***Post-Marketing Obligations***

All approved drug products are subject to continuing regulation by the FDA, including record-keeping requirements, reporting of adverse experiences with the product, sampling and distribution requirements, notifying the FDA and gaining approval for certain manufacturing or labeling changes, complying with certain electronic records and signature requirements, submitting periodic reports to the FDA, maintaining and providing updated safety and efficacy information to the FDA, and complying with FDA promotion and advertising requirements. Failure to comply with the statutory and regulatory requirements can subject a manufacturer to possible legal or regulatory action, such as warning letters, suspension of manufacturing, seizure of product, injunctive action, criminal prosecution, or civil penalties.

The FDA may require post-marketing studies or clinical trials to develop additional information regarding the safety of a product. These studies or trials may involve continued testing of a product and development of data, including clinical data, about the product's effects in various populations and any side-effects associated with long-term use. The FDA may require post-marketing studies or trials to investigate known serious risks or signals of serious risks or identify unexpected serious risks and may require periodic status reports if new safety information develops. Failure to conduct these studies in a timely manner may result in substantial civil fines.

Drug manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and to list their products with the FDA. The FDA periodically inspects manufacturing facilities in the United States and abroad in order to assure compliance with the applicable cGMP regulations and other requirements. Facilities also are subject to inspections by other federal, foreign, state or local agencies. In complying with the cGMP regulations, manufacturers must continue to assure that the product meets applicable specifications, regulations and other post-marketing requirements. Any third-party manufacturers must also maintain compliance with all applicable regulations and requirements. Failure to comply with these requirements subjects the manufacturer to possible legal or regulatory action, such as suspension of manufacturing or recall or seizure of product.

Also, newly discovered or developed safety or efficacy data may require changes to a product's approved labeling, including the addition of new warnings and contraindications, additional pre-clinical or clinical studies, or even in some instances, revocation or withdrawal of the approval. Violations of regulatory requirements at any stage, including after approval, may result in various adverse consequences, including the FDA's withdrawal of an approved product from the market, other voluntary or FDA-initiated action that could delay or restrict further marketing, and the imposition of civil fines and criminal penalties against the NDA holder. In addition, later discovery of previously unknown problems may result in restrictions on the product or NDA holder, including withdrawal of the product from the market. Furthermore, new government requirements may be established that could delay or prevent regulatory approval of our products under development, or affect the conditions under which approved products are marketed.

***Data Privacy***

Numerous federal and state laws, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, govern the collection, use and disclosure of personal information. Other countries also have, or are developing, laws governing the collection, use and transmission of personal information. In addition, most healthcare providers who prescribe our product and from whom we obtain patient health information are subject to privacy and security requirements under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). We are not a HIPAA-covered entity and therefore, these privacy and security requirements do not apply to us. However, we could be subject to criminal penalties if we knowingly obtain individually identifiable health information from a covered entity in a manner that is not authorized or permitted by HIPAA or for aiding and abetting the violation of HIPAA. We are unable to predict whether our actions could be subject to prosecution in the event of an impermissible disclosure of health information to us. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing amount of focus on privacy and data protection issues with the potential to affect our business, including recently enacted laws in a majority of states requiring security breach notification. These laws could create liability for us or increase our cost of doing business.

***Commercial Product Pricing***

In the United States and some foreign jurisdictions, many of the markets in which we may do business in the future, the prices of pharmaceutical products are subject to direct price controls (by law) and to drug reimbursement programs with varying price control mechanisms.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or Medicare Modernization Act, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for physician administered drugs. In addition, this legislation provided authority for limiting the number of drugs that will be covered in any therapeutic class in certain cases. Cost reduction initiatives and other provisions of this and other more recent legislation could decrease the coverage and reimbursement that is provided for any approved products. While the Medicare Modernization Act applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the Medicare Modernization Act or other more recent legislation may result in a similar reduction in payments from private payors.

***Healthcare Reform***

Healthcare reforms that have been adopted, and that may be adopted in the future, could result in further reductions in coverage and levels of reimbursement for pharmaceutical products, increases in rebates payable under U.S. government rebate programs and additional downward pressure on pharmaceutical product prices. On September 9, 2021, the Biden administration published a wide-ranging list of policy proposals, most of which would need to be carried out by Congress, to reduce drug prices and drug payment. The Depart of Health and Human Services, or HHS, plan includes, among other reform measures, proposals to lower prescription drug prices, including by allowing Medicare to negotiate prices and disincentivizing price increases, and to support market changes that strengthen supply chains, promote biosimilars and generic drugs, and increase price transparency. Many similar proposals, including the plans to give Medicare Part D authority to negotiate drug prices, require drug manufacturers to pay rebates on drugs whose prices increase greater than the rate of inflation, and cap out-of-pocket costs, have already been included in policy statements and legislation currently being considered by Congress. It is unclear to what extent these and other statutory, regulatory, and administrative initiatives will be enacted and implemented.

***European Regulatory Authorities***

In the European Union, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national healthcare systems that fund a large part of the cost of such products to consumers. The approach taken varies from member state to member state. Some jurisdictions operate positive and/or negative list systems under which products may be marketed only once a reimbursement price has been agreed. Other

member states allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on healthcare costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products, as exemplified by the role of the National Institute for Health and Clinical Excellence in the United Kingdom, which evaluates the data supporting new medicines and passes reimbursement recommendations to the government. In addition, in some countries cross-border imports from low-priced markets (parallel imports) exert commercial pressure on pricing within a country.

***Environmental and Safety Laws***

We are subject to a variety of federal, state and local regulations relating to the use, handling, storage and disposal of hazardous materials, including chemicals and radioactive and biological materials. Our operations produce such hazardous waste products. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards prescribed by federal, state and local regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. We generally contract with third parties for the disposal of such substances. We are also subject to various laws and regulations governing laboratory practices and the experimental use of animals.

We are also subject to regulation by the Occupational Safety and Health Administration ("OSHA"), and the Environmental Protection Agency (the "EPA"), and to regulation under the Toxic Substances Control Act, the Resource Conservation and Recovery Act and other regulatory statutes, and may in the future be subject to other federal, state or local regulations. OSHA and/or the EPA may promulgate regulations that may affect our research and development programs.

### C. Organizational Structure

We have one wholly-owned subsidiary, Quoin Pharmaceuticals, Inc., a Delaware corporation.

### D. Property, Plants and Equipment

Our principal location is at 42127 Pleasant Forest Ct, Ashburn, VA 20148. We may add new facilities as we add employees, and we believe that suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations.

## ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes, which have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), are included elsewhere in this annual report on Form 20-F and reflect the operations of Quoin Inc. since inception and include the accounts of Quoin Ltd since the closing of the Merger (as defined below). This discussion and other parts of this annual report on Form 20-F contain forward-looking statements based upon current expectations that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements," Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Risk Factors."

### A. Operating Results

**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. 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 and Palmoplantar Keratoderma.

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.

We do not expect to generate revenue from product sales unless and until we successfully complete development and obtain marketing approval for one or more of our product candidates, which we expect will take a number of years and is subject to significant uncertainty. Accordingly, we will need to raise additional capital prior to the commercialization of QRX003 or any other product candidate. Until such time, if ever, as we can generate substantial revenue from product sales, we expect to finance our operating activities through a combination of equity offerings, debt financings, government or other third-party funding, commercialization, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements as and when needed would have a negative impact on our financial condition and our ability to develop our product candidates.

**Key Recent Events**

On October 28, 2021, Cellect completed the business combination with Quoin Inc. in accordance with the terms of the Merger Agreement, by and among Cellect, Quoin Inc. and Merger Sub, which was a wholly-owned subsidiary of Cellect, pursuant to which Merger Sub merged with and into Quoin Inc., with Quoin Inc. surviving as a wholly-owned subsidiary of Cellect (the "Merger"). Immediately after completion of the Merger, Cellect changed its name to "Quoin Pharmaceuticals Ltd." We have accounted for the transaction as a reverse recapitalization with Quoin Inc. as the accounting acquirer. Because Quoin Inc. is the accounting acquirer, its historical financial statements became our historical financial statements and such assets and liabilities continued to be recorded at their historical carrying values. The impact of the recapitalization has been retroactively applied to all periods presented.

In addition, on October 28, 2021, Cellect sold the entire share capital of its subsidiary, Cellect Biotherapeutics Ltd., which essentially included all of Cellect's then existing net assets, to EnCellX Inc. ("EnCellX"), a newly formed U.S. privately held company based in San Diego, CA (the "Share Transfer"), pursuant to an Amended and Restated Share Transfer Agreement. We have no interests in EnCellX subsequent to the closing of the Merger.

On October 28, 2021, we also completed the private placement transaction with an investor (the Investor") for an aggregate purchase price of approximately $17.0 million (comprised of the set off of approximately $5 million of notes issued in

connection with the bridge loan that the Investor previously made to Quoin Inc. (the "Bridge Financing") and approximately $12 million in cash from the Investor (the "Primary Financing").

**Components of Our Results of Operations**

***Operating Expenses***

Our current operating expenses consist of two components – research and development expenses, and general and administrative expenses.

***Research and Development Expenses***

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. We utilize outside consultants and third parties to conduct the majority of our research and development, under the supervision of our management team.

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 founders and executive officers, professional fees and other corporate expenses, including significant costs incurred in 2021 in connection with the Merger and associated regulatory filings.

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.

***Other Expenses***

Other expenses consist primarily of non-cash costs associated with the financing arrangements entered into during 2020 and 2021, including fair value adjustments to notes payable and warrants and interest expense associated with debt instruments. The majority of such costs will cease upon conversion of the debt instruments and exchange of the warrants, most of which occurred at the Merger date.

**Comparison of Period-to-Period Results of Operations**

The following table presents consolidated statement of operations data for the years ended December 31, 2021, 2020 and 2019:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Operating Expenses** | | | |
| General and administrative | **$ 4,499,923** | $ 1,425,855 | $ 1,514,752 |
| Research and development | **1,562,927** | 244,155 | 45,650 |
| Total operating expenses | **6,062,850** | 1,670,010 | 1,560,402 |
| **Other Expenses** | | | |
| Fair value adjustments to debt | **1,250,000** | 378,333 | — |
| Warrant liability expense | **12,784,329** | — | — |
| Financing expense | **275,000** | — | — |
| Interest expense | **1,090,409** | 47,021 | — |
| Total other expenses | **15,399,738** | 425,354 | — |
| **Net loss** | **$ (21,462,588)** | $ (2,095,364) | $ (1,560,402) |

**Year ended December 31, 2021 compared to the year ended December 31, 2020**

The following table sets forth our results of operations for the year ended December 31, 2021, compared to the year ended December 31, 2020:

| | 2021 | 2020 | Change |
|---|---|---|---|
| **Operating Expenses** | | | |
| General and administrative | **$ 4,499,923** | $ 1,425,855 | $ 3,074,068 |
| Research and development | **1,562,927** | 244,155 | 1,318,772 |
| Total operating expenses | **6,062,850** | 1,670,010 | 4,392,840 |
| **Other Expenses** | | | |
| Fair value adjustments to debt | **1,250,000** | 378,333 | 871,667 |
| Warrant liability expense | **12,784,329** | — | 12,784,329 |
| Financing expense | **275,000** | — | 275,000 |
| Interest expense | **1,090,409** | 47,021 | 1,043,388 |
| Total other expenses | **15,399,738** | 425,354 | 15,611,663 |
| **Net loss** | **$ (21,462,588)** | $ (2,095,364) | $ (20,004,503) |

***General and Administrative Expenses***

General and administrative expenses were approximately $4.5 million and $1.4 million, in the years ended December 31, 2021 and 2020, respectively, representing an increase of $3.1 million, or 216%. Approximately $1.5 million of the increase related to professional fees associated with the Merger and costs of becoming a public company. In addition, there were increases in wages associated with the hiring of our CFO and bonuses paid to executives associated with completion of the Merger.

***Research and Development Expenses***

Our research and development expenses during the years ended December 31, 2021 and 2020 were approximately $1.6 million and $244,000, respectively, representing an increase of $1.3 million, or approximately 640%. The increase was primary due to increased expenditures on our development programs following the completion of financings in late 2020 and 2021. Also, included in the 2021 expenses were approximately $555,000 of compensation costs related to managing the 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, see “Components of Our Results of Operations – Research and Development Expenses” above.

We amortize licensed or acquired intellectual property over its expected useful life, included in research and development expenses set out above. The license from Skinvisible was obtained in October 2019, see “Item 5.C – Research and Development, Patents and Licenses." Amortization of intangible assets was $104,000 in each of the years ended December 31, 2021 and 2020.

***Other Expenses:***

***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. In 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 was $1,090,000 and $47,000 in the years ended December 31, 2021, 2020 respectively. Interest on the Bridge Notes was paid in October 2021 upon closing of the Primary Financing, and interest on the 2020 Notes remained unpaid and included as a liability on our consolidated balance sheet as of December 31, 2021. We recorded $697,000 in the year ended December 31, 2021 in connection with the estimated settlement of amounts due under the 2020 Notes. See “Item 5.B – Liquidity and Capital Resources.”

***Fair value adjustment to convertible notes payable***

We elected to value the 2020 Notes and the Bridge Notes at fair value, which was remeasured at each reporting period. In the year ended December 31, 2021 we incurred a fair value adjustment of $1,250,000 related to the Bridge Notes and in the year ended December 31, 2020 we incurred a fair value adjustment of $378,000 related to the 2020 Notes. The Bridge Notes and 2020 Notes were converted into equity in October 2021 on the closing of the Primary Financing.

***Warrant liability expense***

We record our warrants at fair value, which was remeasured at each reporting period. In year ended December 31, 2021, we incurred a fair value adjustment of $0.4 million related to the warrants associated with the 2020 Notes and $12.4 million related to warrants associated with the Bridge Notes. The Bridge Note warrants which were exchanged for the Investor Exchange Warrants (as defined below) with a fixed exercise price of $3.98 per share and reclassified as an equity instrument in October 2021 upon closing of the Primary Financing. We did not have any such expense in the year ended December 31, 2020.

***Net Loss***

We recorded a net loss of $21.5 million in for the year ended December 31, 2021, as compared to a net loss of $2.1 million for the year ended December 31, 2020, representing an increase approximately of $20.0 million. The increase was primarily due to financing related charges aggregating $15.4 million, including warrant expense of $12.8 million, in the year ended December 31, 2021 compared to $425,000 in the year ended December 20, 2020, as well increases in research and development expense and general and administrative expense as the Company used more resources to develop and implement its business plan.

***Equity-Based Compensation Expense***

Quoin Inc. did not have a share incentive plan from inception up to the year ended December 31, 2021. Upon closing of the Merger in October 2021, options held by former Cellect option holders under Cellect Ltd. Employee Shares Incentive Plan (the “2014 Plan”) fully vested and expire between January and October 2022. The incremental value of the stock options at the closing of the Merger was not significant and no expense incurred in the year ended December 31, 2021. The 2014 Plan was amended and restated and initial grants were made to Company officers and directors, approved at the Company Annual General Meeting held on April 12, 2022.

***Income Taxes***

For the years ended December 31, 2021and 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.

***Year ended December 31, 2020 compared to the year ended December 31, 2019***

The following table sets forth our results of operations for the year ended December 31, 2020, compared to the year ended December 31, 2019:

| | 2020 | 2019 | Change |
|---|---|---|---|
| **Operating Expenses** | | | |
| General and administrative | **$ 1,425,855** | $ 1,514,752 | $ (88,897) |
| Research and development | **244,155** | 45,650 | 198,505 |
| Total operating expenses | **1,670,010** | 1,560,402 | 109,608 |
| **Other Expenses** | | | |
| Fair value adjustment to bridge note payable | **378,333** | — | 378,333 |
| Financing expense | **—** | — | — |
| Interest expense | **47,021** | — | 47,021 |
| Total other expenses | **425,354** | — | 425,354 |
| **Net loss** | **$ (2,095,364)** | $ (1,560,402) | $ (534,962) |

***General and Administrative Expenses***

General and administrative expenses were $1.4 million and $1.5 million, in the years ended December 31, 2020 and December 31, 2019, respectively, representing a decrease of $89,000. The decrease was primarily due to reduced travel and conference related expenditures as a result of the COVID-19 pandemic.

***Research and Development Expenses***

Our research and development expenses during the years ended December 31, 2020 and 2019 were approximately $244,000 and $46,000, respectively representing an increase of $199,000 or approximately 535%. The increase was primary due to increased expenditures on our development programs, and increased amortization of intangible assets described below.

We amortize licensed or acquired intellectual property over its expected useful life, included in research and development expenses set out above. The license from Skinvisible was obtained in October 2019, see “Item 5.C – Research and Development, Patents and Licenses." Amortization of intangible assets was $104,000 in the year ended December 31, 2020, and $21,000 in the year ended December 31, 2019, representing an increase of $83,000 or almost 400% in the year ended December 31, 2020. The reason for such increase was a full year of expense in 2020 as compared to three months in 2019.

***Other expenses:***

***Interest Expense***

In the fourth quarter of 2020, we issued the 2020 Notes convertible promissory notes in an initial bridge financing with an aggregate face value of $1,213,333 with a 20% coupon interest. Interest expense was $47,000 in the year ended December 31, 2020. We did not have any interest expense in the year ended December 31, 2019. See “Item 5.B – Liquidity and Capital Resources.”

***Fair value adjustment to convertible notes payable***

We elected to value the 2020 Notes and the Bridge Notes at fair value, which was remeasured at each reporting period. In the year ended December 31, 2020 we incurred a fair value adjustment of $378,000 related to the 2020 Notes. We did not have any such expense in the year ended December 31, 2019.

***Income Taxes***

For the years ended December 31, 2020 and 2019, 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 $2.1 million in for the year ended December 31, 2020, as compared to a net loss of $1.6 million for the year ended December 31, 2019, representing an increase of $0.53 million or approximately 34%. The increase in net loss was primarily due to increases in interest expense, the fair value adjustment to the 2020 Notes and a modest increase in operating expenses.

**Critical Accounting Policies and Use of Estimates**

The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to accrued expenses, valuation allowance on deferred tax assets and valuation of intangible assets. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Results may differ from these estimates due to actual outcomes being different from those on which we based our assumptions. These estimates and judgments are regularly reviewed by management on an ongoing basis at the end of each quarter prior to the public release of our financial results.

Critical accounting policies are those that, in management's view, are most important to the portrayal of a company's financial condition and results of operations and most demanding on their calls on judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. We believe our most critical accounting policies and estimates relate to:

***Use of estimates:***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated 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: settlement of debt or other obligations, 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.

***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 years ended December 31, 2021, 2020 and 2019, there were no impairment indicators which required an impairment loss measurement.

***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.

***Fair value of financial instruments:***

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 and the warrants are recorded at fair value. 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. The significant assumptions that were used in fair value calculations are summarized as follows:

The fair value of the convertible notes payable issued in 2020 was determined to be $1,213,333, resulting in a charge to operations of $378,333 during 2020. The fair value adjustment from December 31, 2020 to their conversion to ADS’s at the Merger date was not material. The initial fair value of the Bridge Notes issued in 2021 was determined to be approximately $5,000,000, resulting in a charge to operations of $1,250,000 during 2021. The fair value adjustment from the Bridge Notes issuances to their conversion to ADS’s upon the Merger date was not significant. The Bridge Notes and 2020 Notes were converted into ADS’s at the Merger date.

The Company utilized a Monte Carlo simulation model for periods prior to Merger and Primary Financing, and a Black Scholes model to determine the fair value of 2020 Notes warrants at December 31, 2021. The significant estimates used in the determining the fair value of such warrants were as follows:

| | 12/31/2021 (1) | 12/31/2020 |
|---|---|---|
| Stock price | $ 1.82 | $ 3.98 |
| Initial exercise price | $ 3.98 | $ 3.98 |
| Contractual Term | 5.0 | 5.0 |
| Volatility | 89.2 % | 98 % |
| Discount rate | 1.26 % | 0.81 % |

(1) The warrants issued during 2020 were not exchanged for fixed term warrants until 2022, therefore the existing warrants were still considered outstanding at December 31, 2021 and classified as a liability instrument.

The Company utilized a Monte Carlo simulation model to determine the fair value of the Bridge Financing warrants. The significant estimates used in such calculation of the fair value of such warrants were as follows:

| | Transaction Date<br>March - May 2021 | Merger Date<br>10/28/2021 |
|---|---|---|
| Stock price | $ 3.98 (post exchange ratio) | $ 11.64 (post exchange ratio) |
| Initial exercise price | $ 3.98 (post exchange ratio) | $ 3.98 (post exchange ratio) |
| Contractual Term | 5.0 | 5.0 |
| Volatility | 92 % | 103 % |
| Discount rate | 0.98 % | 1.14 % |

**New 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.

***Debt with Conversion and Other Options and Derivatives and Hedging***

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 shareholders' 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, excluding smaller reporting companies as defined, 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.

***Earnings Per Share***

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40)*. The new ASU addresses issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options. This amendment is effective for all entities, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. The Company does not believe the impact of the adoption of this pronouncement is significant to the consolidated financial statements.

Recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

**B. Liquidity and Capital Resources**

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 2022 as we advance the clinical development of QRX003 and begin to operate as a publicly traded company.

***Future Funding Requirements***

The Company expects to receive additional funding through the mandatory exercise provision of the Series C Warrant issued to the Investor as of March 2022 which would result in proceeds of approximately $9.5 million. In the event the requirements of the mandatory exercise provision of such warrant are not met, the Company has a written commitment from the Investor to provide funding equal to the $9.5 million expected upon exercise of the Series C Warrant, at prevailing market rates. As such, the Company believes that it has sufficient resources to affect its business plan for at least one year from the issuance of its consolidated financial statements. The Company is also in the process of negotiating a line of credit with a bank which has not yet been closed as of April 13, 2022 and is likely to be conditional on additional equity funding which could be satisfied by the aforementioned Investor funding, as well as the achievement of clinical development milestones.

We will need to obtain further funding through 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, the timing of 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.

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 our equity or convertible debt securities, and pursuant to the exercise of warrants issued to our investors in connection with the 2020 Notes, the Bridge Financing and the Primary Financing, the ownership interest of our equity holders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our equity holders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our 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***

As of December 31, 2021, we had approximately $7.5 million in cash.

The table below presents our cash flows for the years ended December 31, 2021, 2020 and 2019 ($000):

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Net cash used in operating activities | $ (1,299) | $ (1,339) | $ (5,720) |
| Net cash used in investing activities | — | (125) | (625) |
| Net cash provided by financing activities | 1,299 | 1,787 | 13,504 |
| Net increase in cash and cash equivalents | $ — | $ 324 | $ 7,159 |

***Operating Activities***

Net cash used in operating activities was $5.7 million, $1.3 million and $1.3 million for the years ended December 31, 2021, 2020 and 2019, respectively. The increase in 2021 was primarily due to the increase in research and development and general and administrative expenses, including significant expenses incurred in connection with the Merger and associated regulatory filings and increased compensation costs.

***Investing Activities***

Net cash used by investing activities was $625,000 and $125,000 in the years ended December 31, 2021 and 2020, respectively, each representing payments under the Skinvisible license agreement (see “Item 5.C – Research and Development, Patents and Licenses"). We did not have any cash flows from investing activities for the year ended December 31, 2019.

***Financing Activities***

Net cash from financing activities was $13.5 million, $1.8 million and $1.3 million during the years ended December 31, 2021, 2020 and 2019, respectively. Prior to the initial 2020 Note financing commencing October 2020, all expenditures of the Company were paid for by Company officers. For 2020, financing activities primarily represented net proceeds received from the 2020 Notes and net increase of amounts due to Company officers. For 2021, such amounts primarily represented net proceeds received from the Bridge Financing and Primary Financing. Since the closing of the Primary Financing in October 2021, the Company has been repaying amounts due to officers at the aggregate rate of $50,000 per month.

*2020 Notes*

On October 2, 2020, Quoin Inc. 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. The 2020 Notes are due one year from their respective dates of issuance. In October through December 2020, Quoin Inc. received an aggregate of approximately $910,000 pursuant to this offering, resulting in the issuance of 2020 Notes with an aggregate face value of $1,213,313 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 Quoin Inc.’s board of directors. No additional funding from the 2020 Notes was received in the year ended December 31, 2021.

Based upon the terms agreed to in March 2021 in the Primary Financing, the 2020 Notes were mandatorily convertible into 64,784 ADS’s in the Primary Financing, subject to adjustment.

The Company elected to account for the Convertible Notes Payable using the fair value model due to the short maturity. The fair value of the Convertible Notes Payable was estimated to be approximately $1.2 million at the date of issuance, resulting in a $378,000 expense recognized in the fourth quarter of 2020. There was no material change in the fair value from issuance until the conversion to equity on the Merger date.

The noteholders also were entitled to receive warrants exercisable at any time after the issuance date for a number of shares of Quoin Inc.’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 was based on a valuation equal to the next financing round and since the number of shares issuable upon the exercise of the warrants and exercise price were not knowable at the time they were not recognized as of December 31, 2020.

After entering into the Merger Agreement in March 2021, the terms of the warrants became measurable and were exercisable for 367,356 ADS’s at an initial exercise price of $3.98 per share. The Company determined that these warrants met the criteria to be recorded as a liability instrument. Each holder agreed to exchange its warrant for the warrant (an “Exchange Warrant”) with substantially the same terms as an Investor Exchange Warrant and with a number of shares issuable upon the exercise of an Exchange Warrant as upon the exercise of the original warrant and the same exercise price as under the original warrant and a contractual term of 5 years. The Exchange Warrants have been determined to warrant equity classification and, as such only the fair value change through the exchange date will be included in warrant liability expense in the accompanying statement of operations.

At the closing of the Merger, 64,784 ADS's were issued upon the conversion of the principle of the Convertible Notes Payable. In addition, effective as of March 13, 2022, the Company exchanged noteholders' warrants for Exchange Warrants exercisable for 367,356 ADS's, in the aggregate, at the exercise price of $3.98 per ADS.

In December 2021, the Company concluded that the calculation of ADS's due to the 2020 Noteholders did not account for accrued interest due when the ADS's were issued. The Company reached cash settlements with, and plans to issue additional ADS's to, the 2020 Noteholders to account for this. The estimated amount required to settle these obligations was determined to be approximately $744,000 at December 31, 2021 and is included in accrued liabilities in the consolidated balance sheet; and $697,000 is included in interest expense in the consolidated statement of operations for the year ended December 31, 2021.

Interest expense, at the stated interest rate, recognized in the year ended December 31, 2021, 2020 and 2019 was approximately $202,000, $47,000, and $0, respectively.

*Bridge Financing*

In connection with the Merger Agreement and the Securities Purchase Agreement (described below), Quoin Inc. entered into a "Bridge Purchase Agreement" on March 24, 2021 with the Investor, pursuant to which the Investor agreed to purchase, and Quoin Inc. agreed to issue notes (the "Bridge Notes") in the aggregate principal amount of up to $5.0 million in exchange for an aggregate purchase price of up to $3.8 million together with warrants. The Bridge Notes were purchased in three closings: (i) the first purchase of $2.0 million on March 25, 2021 (Quoin Inc. received proceeds of $1.5 million less fees of $90,000); (ii) the second purchase of $1.7 million in April 2021 (Quoin Inc. received proceeds of $1.25 million); and (iii) a third purchase of $1.3 million in May 2021 (Quoin Inc. received proceeds of $1.0 million less fees of $185,000). The Bridge Notes were secured by a lien on Quoin Inc.'s current and future assets, were senior to all other outstanding and future indebtedness of Quoin Inc. and included covenants limiting future indebtedness, among others.

The Bridge Notes were issued with a 25% original issue discount, at an interest rate of 15% per annum and had a maturity date of the earliest to occur of: (i) December 25, 2021, (ii) the date on which Quoin Inc.'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 Bridge Notes were offset against the purchase price under the Securities Purchase Agreement related to the Primary Financing and converted into 1,257,721 ADS's (including shares held in escrow for the benefit of the Investor) upon the closing of the Primary Financing. The accrued interest amounting to $393,611 was paid in cash. Interest expense, at the stated interest rate, recognized in the year ended December 31, 2021 was $393,611.

Upon the funding of each Bridge Note tranches described above, the Investor received warrants (the "Bridge Warrants") to purchase a number of shares of Quoin Inc.'s common stock equal to the aggregate principal amount of the Bridge Notes. Upon the closing of the Primary Financing, the Bridge Warrants were exchanged for Investor Exchange Warrants as described below.

*Primary Financing*

On October 28, 2021, the Company completed the private placement transaction with the Investor for an aggregate purchase price of approximately $17.0 million (comprised of (x) the set off of approximately $5 million of Bridge Notes, and (y) approximately $12 million in cash from the Investor) (the "Primary Financing"), and the Investor paid the Company approximately $11,504,000, which was net of $393,611 in accrued interest on the Bridge Notes. The Company incurred an additional approximate $1.4 million in costs associated with the Primary Financing, which resulted in the net proceeds of approximately $10.1 million. The Company issued 4,276,252 ADS's to the Investor, consisting of 833,773 delivered to the Investor on or after the Merger closing and 3,442,479 initially held in an escrow account for the benefit of the Investor as per the terms of the Securities Purchase Agreement. All such escrow shares were released to the Investor prior to December 31, 2021.

In addition, pursuant to the terms of the Securities Purchase Agreement related to the Primary Financing, Quoin Ltd. issued to the Investor warrants to purchase 1,238,429 ADS's (the "Investor Exchange Warrants") at an exercise price of $3.98

per ADS, in exchange for Bridge Warrants. The Investor Exchange Warrants and ordinary shares underlying the Investor Exchange Warrants were registered with the SEC on the Registration Statement on Form F-4. An amendment to the Investor Exchange Warrants was entered into in September 2021, which replaced reset provisions with a fixed number of shares and exercise price.

Quoin Ltd. also issued to the Investor, effective as of March 13, 2022, the 136th trading day following the consummation of the Merger (i) Series A Warrant to purchase 4,276,252 ADS's (the "Series A Warrant") (ii) Series B Warrant to purchase 4,276,252 ADS's (the "Series B Warrant") and (iii) Series C Warrant to purchase 2,389,670 ADS's ("Series C Warrant" and, together with the Series A Warrant and Series B Warrant, the "Investor Warrants"). The exercise price for the Investor Warrants is $3.98 per ADS, with Series A Warrant having a five-year maturity and Series B Warrant and Series C Warrant having a two-year maturity. The Company has the right to require the mandatory exercise of the Series C Warrant, subject to an effective registration statement being in place for the resale of the shares underlying such warrants and the satisfaction of equity market conditions as defined in the Series C Warrant. As of April 13, 2022, not all of the market related conditions were met. 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 ADS's and an additional Series B Warrant to purchase 2,389,670 ADS's at an exercise price of $3.98 per ADS.

### C. Research and Development, Patents and Licenses

We devote substantial research and development resources to developing new products, see description of our research and development activities, expenses and material agreements in "Item 5.A – Operating Results."

*Skinvisible:*

On October 17, 2019, Quoin Inc. 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, Quoin Inc. 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 were originally 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 Quoin Inc. 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. On January 27, 2021, Quoin Inc. and Skinvisible entered into an amendment which 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. No development milestones, sales milestones or royalty payments were due through in 2019, 2020 or 2021.

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, Quoin Inc. and Skinvisible entered into another amendment 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.

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. The agreement was subsequently 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 again amended, requiring payment of the license fee only when outside financing is received, as defined in the agreement. On June 21, 2021, the parties entered into an additional amendment which modified the payment terms and required a payment of $107,500 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 described above and reduced the milestone payment upon regulatory approval of the product containing the Skinvisible technology in either the U.S. or E.U., whichever happens first to a total of $5,000,000.

At December 31, 2021 and December 31, 2020, the license acquisition liability due was $250,000 and $875,000 respectively. The remaining license acquisition liability has not been paid in accordance with the terms but has not impaired the Company's rights to the technology as the Company is in the process of renegotiating this payment with Skinvisible.

The major research and development vendors utilized by the Company include the following:

Quoin Inc. entered into three consulting agreements with Axella Research LLC ("Axella") to provide regulatory and pre-clinical/clinical services with respect to QRX003 and QRX004. The combined fees of the three agreements are approximately $270,000, payable as milestones under the three agreements are met. Quoin Inc. has also engaged Axella for additional services pursuant to separate work orders. Further, Quoin Inc. has two options to pay the milestones due 1) one half in equity (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. We recognized research and development expenses for services provided and milestones met of approximately $247,000, $50,000 and $25,000 for the years ended December 31, 2021, 2020 and 2019, respectively, and have accrued expenses of $193,537, $105,052 and $24,940 at December 31, 2021, 2020 and 2019, respectively.

In November 2020, Quoin Inc. entered into a Master Service Agreement for an initial term of three years with Therapeutics Inc. for managing preclinical and clinical development for new products in the field of dermatology. The agreement required the execution of individual work orders. Quoin Inc. 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 a clinical study at an expected estimated cost of approximately $3.5 million and expected timing through the first quarter of 2023. For the year ended December 31, 2021, we incurred approximately $340,000 of research and development costs related to this agreement.

In November 2021, we entered into a commitment with Queensland University of Technology for research related services associated with Netherton Syndrome of approximately $250,000 for an expected period of eighteen months, of which an initial $25,000 expense was incurred in 2021.

### D. Trend Information

We are a development stage company, and it is not possible for us to predict with any degree of accuracy the outcome of our research, development or commercialization efforts. As such, it is not possible for us to predict with any degree of accuracy any significant trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our liquidity or capital resources or that would cause financial information to not necessarily be indicative of future operating results or financial condition. However, to the extent possible, certain trends, uncertainties, demands, and commitments are described in this Item 5.

### E. Critical Accounting Estimates

See "Item 5.A. – Critical Accounting Policies and Use of Estimates."

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

**Directors and Senior Management**

We are managed by a board of directors, which is currently comprised of seven members, and our senior management. Each of our members of senior management is appointed by our board of directors. The table below sets forth the name, age and position of each of our directors and senior management.

| Name | Age | Position(s) |
|---|---|---|
| Dr. Michael Myers(1) | 60 | Chairman of the Board of Directors and Chief Executive Officer |
| Denise Carter | 53 | Director and Chief Operating Officer |
| Gordon Dunn | 57 | Chief Financial Officer |
| Joseph Cooper(2)(3)(5) | 64 | Director |
| James Culverwell(2)(3) | 65 | Director |
| Dr. Dennis H. Langer(2)(4) | 70 | Director |
| Natalie Leong(2)(3)(5) | 37 | Director |
| Michael Sember(2)(4) | 72 | Director |

(1) The shareholder approval of Dr. Myers serving as our Chairman of the Board of Directors while serving as our Chief Executive Officer was obtained at our 2022 annual general meeting of shareholders held on April 12, 2022 (the "2022 AGM").
(2) Indicates an independent director under Nasdaq rules.
(3) Member of our Audit Committee.
(4) Member of our Compensation Committee.
(5) Member of Nominating and Governance Committee.

Set forth below is a biographical summary of each of the above-named directors and senior management.

**Dr. Michael Myers**, *Chief Executive Officer and Director*. Dr. Myers is the co-founder of Quoin Inc. and has served as director and Chief Executive Officer of Quoin Inc. since its inception. Dr. Myers has served as director and Chief Executive Officer of Quoin Ltd. since October 28, 2021. Dr. Myers has 35 years of industry experience in the drug delivery and specialty pharmaceutical sectors. He has served CEO of Innocoll, Inc. and was responsible for taking that company public in 2014. During his tenure as CEO of Innocoll, Dr. Myers raised over $160 million in public and private funding and was the inventor of the company's lead commercial product. He has also served as President of the drug delivery division of West Pharmaceutical Services, President of pharmaceutical operations for Fuisz Technologies (Biovail) and has held executive positions in Flamel Technologies and Elan Corporation. He is listed as an inventor on numerous patents and has led the development and commercialization of a number of highly successful pharmaceutical products. Dr. Myers earned his Ph.D. in Chemistry from the University College Cork, Ireland. Dr. Myers serves on the Board of Directors of Sonoran Bioscience in addition to the Board of Advisers for a number of Penn State start-up companies.

**Denise Carter**, *Chief Operating Officer and Director*. Ms. Carter is the co-founder of Quoin Inc. and has served as director and Chief Operating Officer of Quoin Inc. since its inception. Ms. Carter has served as director and Chief Operating Officer of Quoin Ltd. since October 28, 2021. Ms. Denise Carter has over 30 years of experience in the drug delivery and specialty pharmaceutical industries. Prior to Quoin, Ms. Carter was executive vice president of business development and corporate affairs at Innocoll, Inc., vice president of business development of the drug delivery division of West Pharmaceuticals, and she has held executive positions at Eurand and Fuisz Technologies (Biovail.) Ms. Carter earned her MBA from Wharton School of Business, University of Pennsylvania and a B.S. in Chemistry from the College of William and Mary.

**Gordon Dunn,** *Chief Financial Officer*. Mr. Dunn has served as Chief Financial Officer of Quoin Ltd. since November 1, 2021. Mr. Dunn 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 to 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. Mr. Dunn was an associate at Morrison & Foerster LLP from 1991 to 1993. Mr. Dunn earned his JD from New York University School of Law and a BA from Stanford University.

**Joseph Cooper**, *Director*. Mr. Cooper has served as director of Quoin Inc. since May 2021. Mr. Cooper has served as director of Quoin Ltd. since October 28, 2021. Mr. Cooper brings more than 30 years of experience in operational, corporate development and general management roles within the pharmaceutical industry. He currently serves Chief of Strategy and Corporate Development for Resonea, Inc. Previously he has held a series of general management, operational and strategic roles within pharmaceutical companies including serving 15 years as Executive Vice President of Corporate Development with Medicis Pharmaceutical and previously with Schein Pharmaceuticals and GD Searle. He is a founding board member of First Place AZ, a nonprofit dedicated to developing new housing options for adults with autism and related disorders and has served as a past board member and chair of the Research and Medical Affairs Committee for the Southwest Autism Research & Resource Center. Mr. Cooper holds an MBA from the WP Carey School of Business at Arizona State University and a BA from Northeastern Illinois University. He serves on the board of Sonoran Biosciences, and has previously served on the board of Bioenvision and as a board observer for several specialty pharmaceutical companies.

**James Culverwell**, *Director*. Mr. Culverwell has served as director of Quoin Inc. since April 2021. Mr. Culverwell has served as director of Quoin Ltd. since October 28, 2021. Mr. Culverwell was for 25 years a leading healthcare investment analyst, formerly SVP and Global Coordinator Healthcare at Merrill Lynch. He is currently chairman of HOX Therapeutics, a company involved in prostate cancer research, and is a director of TC Biopharm, a NASDAQ listed company developing treatments for cancer based on gamma delta T-cells. He also serves on the board of directors of Safeguard Biosystems, a high throughput molecular diagnostics company. He has been a non-executive director in early stage life science companies, both private and public, including Innocoll, Atlantic Healthcare, ToHealth, Bioco, and Amryt Pharmaceuticals. He received an MSc with honors from the University of Aberdeen.

**Dennis H. Langer**, M.D., J.D., *Director*. Dr. Langer has served as director of Quoin Inc. since 2019. Dr. Langer has served as director of Quoin Ltd. since October 28, 2021 Dr. Langer is a Director of Myriad Genetics, Inc., and Brooklyn ImmunoTherapeutics, Inc., and several private health care companies. He has served as a Director of several public and private biotechnology, specialty pharmaceutical and diagnostic companies, including Sirna Therapeutics, Inc. (acquired by Merck & Co., Inc.), Ception Therapeutics, Inc. (acquired by Cephalon, Inc.), Transkaryotic Therapies, Inc. (acquired by Shire plc), Pharmacopeia, Inc. (acquired by Ligand, Inc.), and Cytogen Corporation (acquired by EUSA Pharma, Inc.). He was a Managing Partner at Phoenix IP Ventures, LLC from 2005-2010. From 2004-2005, he was President, North America for Dr. Reddy's Laboratories, Inc. Dr. Langer was with GlaxoSmithKline from 1994-2004, where he served as Senior Vice President, Project, Portfolio and Alliance Management, Senior Vice President, Product Development Strategy, and Senior Vice President, Healthcare Services R&D. He also served as President and CEO at Neose Technologies, Inc. from 1991-1994. Previously, Dr. Langer held R&D and marketing positions at Eli Lilly, Abbott, and Searle. During the past five years, Dr. Langer served as a Director of Dicerna Pharmaceuticals, Inc. and Pernix Therapeutics, Inc., both public companies. Dr. Langer serves on the Dean's Advisory Board of Harvard Law School. He received an M.D. from Georgetown University School of Medicine, a J.D. from Harvard Law School, and a B.A. in Biology from Columbia University.

**Natalie Leong**, *Director*. Ms. Leong has served as director of Quoin Inc. since April 2021. Ms. Leong has served as director of Quoin Ltd. since October 28, 2021. Ms. Leong has been Head of Finance and subsequently Head of Product for LoanStreet since October 2019. In this and other advisory roles for start-ups, Ms. Leong specializes in valuations, product development life cycles, financial operations and internal controls. Ms. Leong has worked with companies across Asia, Australia, Europe and the US in valuation and implementation of transactions through sale, IPO, float and raising capital from various sources. She has broad experience analyzing business plans, performing market analyses, preparing financial projections and developing valuation models to advise clients throughout the process of equity transactions, mergers and acquisitions and corporate restructurings. From May 2016 to July 2019, Ms. Leong served as the lead for the Asset Liability Committee for the US at RBC Capital Markets, liaising with Heads of businesses, US CFO, US CRO, and US Treasurer and authoring the CFO's presentation to the Board. In addition, she led FPA for fixed income and origination businesses. From October 2011 to May 2016, Ms. Leong worked as the VP of Capital Insights at National Australia Bank. During these years, Ms. Leong managed and presented at the Group Capital Committee (Group and Divisional CFOs, Treasurer, MD M&A, MD Credit. From February 2008 to October 2011, Ms. Leong specialized in internal controls across retail, corporate and wholesale banking at National Australia Bank. Ms. Leong earned her MBA at The Wharton School, University of Pennsylvania. She earned a B.Comm degree (Finance and Economics) and a B.A. degree (French and Literature) from the University of Melbourne in 2007.

**Michael Sember**, *Director*. Mr. Sember has served as director of Quoin Inc. since May 2021. Mr. Sember has served as director of Quoin Ltd. since October 28, 2021. Mr. Sember has over 40 years of global experience in the pharmaceutical industry. He is an accomplished executive, entrepreneur, leader and mentor. Sember has been the COO or CEO of seven diverse companies ranging from drug discovery tools providers to therapeutically focused biotechnology companies to medical devices. Mr. Sember has also been active as a consultant to numerous companies, as well as active in industry organizations and community affairs. Most recently he served as a mentor to companies formed from inventions discovered at the University of Arizona. Currently, Mr. Sember serves as the Chair of the Screening Panel and Board member for the Desert Angels, a Tucson based group of angel investors. Desert Angels was recently ranked as number 1 in the Southwest and number 8 in the Country based on deal activity. The foundation of Mr. Sember's career was established at Marion Laboratories (later Marion Merrell Dow). Mr. Sember performed in a wide range of functions from sales to clinical research and later to R&D program management. Following Marion Merrell Dow, Mr. Sember was Executive VP of Corporate Business Development for Élan Corporation, responsible for strategic collaborations and mergers and acquisitions. Mr. Sember has extensive public and private board experience. He has broad experience in capital raises for both established and startup companies. Mr. Sember earned a Bachelor of Science degree from the University of Pittsburgh and an MBA from Rockhurst University.

**Family Relationships**

There are no family relationships among any of the individuals listed in this Section A (Directors and Senior Management).

**Arrangements Involving Directors and Senior Management**

There are no arrangements or understandings, of which we are aware, relating to the election of our directors or the appointment of our executive officers.

**B. Compensation**

**Aggregate Executive Compensation**

The aggregate remuneration paid or accrued by us for the year ended December 31, 2021 to all persons listed in Section A (Directors and Senior Management) above, was approximately $2,164,000. This sum includes $88,000 paid for automobiles made available to our executive officers, and other fringe benefits pursuant to employment agreements with executive officers. See Item 6.B below for the description of employment agreements with our executive officers.

Dr. Myers and Ms. Carter do not receive compensation for their service as our directors. See Item 6.C "Board Practices - Remuneration of Directors" below.

The term "office holder" under the Companies Law means a director, a Chief Executive Officer, or another officer who occupies a general or chief management position, or serves in a position directly secondary to or directly reporting to the Chief Executive Officer.

**Individual Compensation of Executive Officers**

The table below presents the compensation granted to our five most highly compensated office holders during or with respect to the year ended December 31, 2021. We refer to the three individuals currently employed as Chief Executive Officer, Chief Operating Officer and Chief Financial Officer for whom disclosure is provided herein as our "Covered Office Holders." All amounts specified below are in terms of cost to Quoin Ltd., as recorded in our financial statements.

For purposes of the table and the summary below "compensation" includes base salary, bonuses, retirement or termination payments, benefits and perquisites such as office allowance and automobile allowance, and any undertaking to provide such compensation. No equity-based compensation was granted to our Covered Office Holders in 2021.

| Name and Principal Position | Base Salary ($) | Bonus[1] ($) | All Other Compensation[2] ($) | Total[3] ($) |
|---|---|---|---|---|
| Dr. Michael Myers, Chief Executive Officer | $ 518,500 | $ 427,500 | $ 44,000 | $ 990,000 |
| Denise Carter, Chief Operating Officer | $ 416,000 | $ 342,000 | $ 44,000 | $ 802,000 |
| Gordon Dunn, Chief Financial Officer | $ 60,000 | $ 57,000 | — | $ 117,000 |

(1) Amounts reported in this column refer to cash bonuses for the year ended December 31, 2021 (including transaction cash bonuses paid in 2021). Discretionary cash bonuses are our contractual arrangements and were granted in recognition of the applicable Covered Officer Holder's promotion of our long-term goals, strategy and operating plan, the need to form appropriate incentives for our officers, and their contribution to the achievement of our objectives in accordance with their respective corporate roles. In addition, amounts reported in this column include a transaction bonus related to the completion of the Merger and private placement transactions discussed in Item 5 of this Annual Report.

(2) Amounts reported in this column include amounts paid as office allowance, automobile allowance.

At the 2022 AGM, our shareholders approved option grants to Dr. Myers and Ms. Carter (shareholder approval was not required for the grant to Mr. Dunn) as follows:

- an option to purchase up to 1,071,429 ADSs to Dr. Myers, at an exercise price per ADS of USD $1.40, to vest over a four-year period, with 25% of the ADSs to be vested one year from the date of such grant, and the balance vesting on an annual basis thereafter (25% each year); and

- an option to purchase up to 1,071,429 ADSs to Ms. Carter, at an exercise price per ADS of USD $1.40, to vest over a four-year period, with 25% of the ADSs to be vested one year from the date of such grant, and the balance vesting on an annual basis thereafter (25% each year).

In addition, our board has approved the grant of an option to purchase up to 892,857 ADSs to Mr. Dunn, at an exercise price per ADSs of USD $1.40, to vest over a four-year period, with 25% of the ADS to be vested one year from the date of such grant, and the balance vesting on an annual basis thereafter (25% each year).

***Compensation of Directors***

Under our non-employee directors' compensation program, non-employee directors are entitled to receive the following cash compensation for their services:

- each non-employee director receives an annual base retainer of $60,000.

- each committee chairperson receives an additional retainer of $15,000 for his or her service as a chairperson.

- each member of a standing committee receives an additional retainer of $5,000 for such service on a standing committee.

In addition to cash compensation, our non-employee directors are also entitled to equity awards under our director compensation policy. Each non-employee director who first joins the Board of Quoin Ltd. is automatically granted an inaugural award of options to purchase ordinary shares represented by ADSs of Quoin Ltd. valued at $165,000. In addition, each non-employee director receives an annual award of options valued at $60,000.

Non-employee directors who joined the Board of Directors of Quoin Ltd. subsequent to the execution of the Merger Agreement received their cash and equity compensation on a prorated basis in 2021.

At the 2022 AGM, our shareholders approved, pursuant to and in line with our non-employee directors' compensation program, the following option grants to each of our non-employee directors:

- as an inaugural grant, an option to purchase 117,857 ADS under the Amended and Restated Equity Incentive Plan, at an exercise price per ADS of USD $1.40, to vest over a three-year period, with one third of such options to be vested one year from the date of such grant and the balance vesting on annual basis thereafter (one-third every year), all in accordance with and subject to the terms and conditions of the Amended and Restated Equity Incentive Plan; and

- as an annual grant for 2022, an option to purchase 42,857 ADS under the Amended and Restated Equity Incentive Plan, at the same exercise price and as per the same vesting schedule as set forth above.

The following table sets forth information concerning the compensation awarded to, earned by or paid to non-employee directors for the year ended December 31, 2021.

| Name | Fees Earned or Paid in Cash ($) | Total ($) |
|---|---|---|
| Joseph Cooper | $ 45,000 | $ 45,000 |
| James Culverwell | $ 60,000 | $ 60,000 |
| Dr. Dennis H. Langer | $ 60,000 | $ 60,000 |
| Natalie Leong | $ 45,000 | $ 45,000 |
| Michael Sember | $ 45,000 | $ 45,000 |

***Agreements with Executive Officers***

We maintain written employment agreements with our Covered Office Holders that contain customary provisions, including non-compete and confidentiality agreements.

***Dr. Myers.*** Pursuant to his Executive Employment Agreement with Quoin Inc., dated March 9, 2018, which was amended as of November 9, 2021 (as amended, the "Myers Agreement"), Dr. Myers is entitled to an annual base salary of $550,000, which accrued monthly until paid by Quoin Inc. Dr. Myers may also receive, subject to employment by us on the applicable date of bonus payout, an annual target discretionary bonus of not less than 45% of his annual base salary, payable at the discretion of the board of directors after approval of our compensation committee, subject to shareholder approval by a Special Majority for Compensation Matters. See "Board Practices—Compensation Committee and Compensation Policy." Pursuant to the Myers Agreement, Dr. Myers is also eligible to receive healthcare benefits as may be provided from time to time by us to our employees generally, and to receive paid time off annually in accordance with our policies in effect from time to time. Additionally, the Myers Agreement provides Dr. Myers with a monthly office allowance of $2,500 and a monthly automobile allowance of $1,500.

***Ms. Carter.*** Pursuant to her Executive Employment Agreement with Quoin Inc., dated March 9, 2018, which was amended as of November 9, 2021 (as amended, the "Carter Agreement"), Ms. Carter is entitled to an annual base salary of $440,000, which accrued monthly until paid by Quoin Inc. Ms. Carter may also receive, subject to employment by us on the applicable date of bonus payout, an annual target discretionary bonus of not less than 45% of her annual base salary, payable at the discretion of the board of directors after approval of our compensation committee, subject to shareholder approval by a Special Majority for Compensation Matters. See "Board Practices—Compensation Committee and Compensation Policy." Pursuant to the Carter Agreement, Ms. Carter is also eligible to receive healthcare benefits as may be provided from time to time by us to our employees generally, and to receive paid time off annually in accordance with Quoin's policies in effect from time to time. Additionally, the Carter Agreement provides Ms. Carter with a monthly office allowance of $2,500 and a monthly automobile allowance of $1,500.

***Mr. Dunn.*** Pursuant to his Service Agreement with Quoin Inc., dated November 1, 2021 (as amended, the "Dunn Agreement"), 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 us on the applicable date

of bonus payout, an annual target discretionary bonus of not less than 45% of his annual base salary, payable at the discretion of the Board, which will be prorated for 2021. Under the Dunn Agreement, upon our adoption of a stock option plan, we are obligated to grant an option to Mr. Dunn to purchase our ordinary shares, 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 us to our employees generally and paid time off annually in accordance with our policies in effect from time to time.

*Compensation Upon Termination of Employment*

Pursuant to each of the Myers Agreement and the Carter Agreement, Dr. Myers and Ms. Carter, respectively, are entitled to the following benefits upon termination of their employment:

- **Termination for any reason:** Upon the termination of such executive's employment for any reason, such executive will receive (i) his or her Base Salary (as defined in the Myers Agreement or the Carter Agreement, as applicable) through the Exit Date (as defined in the Myers Agreement or the Carter Agreement, as applicable), (ii) any Bonuses (as defined in the Myers Agreement or the Carter Agreement, as applicable) to which he or she is entitled and has already earned for the prior fiscal year, and (iii) any other accrued or vested benefits or reimbursements through the Exit Date to which such executive is entitled to contractually or by operation of law.

- **Termination upon death or Disability:** In the event of the executive's termination due to his or her death or Disability (as defined in the Myers Agreement or the Carter Agreement, as applicable), then, in addition to the payments set forth above, the executive will receive his or her pro rata portion of the Bonus such executive would have been entitled to receive for the fiscal year in which the Exit Date occurs, based upon the percentage of the fiscal year that elapsed through the Exit Date. Additionally, in the event of termination due to Disability, the executive will receive, for a period of 24 months following the Exit Date, such executive monthly COBRA premium.

- **Termination without Cause or for Good Reason:** In addition to the payments set forth in the first bullet above, if Dr. Myers or Ms. Carter is terminated by the Company without Cause (as defined in the Myers Agreement or the Carter Agreement, as applicable), or Dr. Myers or Ms. Carter terminates his or her employment for Good Reason (as defined in the Myers Agreement or the Carter Agreement, as applicable), he or she will be entitled to receive (i) his or her Base Salary for 2 years from the Exit Date and 2 times the current years' Bonus, and (ii) continuation of such executive's medical benefits for 2 years from the Exit Date (unless the executive becomes employed elsewhere during such 2 year period and is eligible to receive comparable medical benefits).

As a condition precedent to receiving any of the foregoing benefits, Dr. Myers and/or Ms. Carter, as applicable, must first sign a Release (as defined in the Myers Agreement or the Carter Agreement, as applicable).

Mr. Dunn, pursuant to the Dunn Agreement, is also entitled to the following benefits upon termination of his employment:

- **Garden Leave**: During any period of notice to terminate Mr. Dunn's employment, Mr. Dunn will continue to be entitled to his basic salary and contractual benefits in the usual course.

- **Payment in lieu of notice**: Upon the termination of Mr. Dunn's employment at any time, Mr. Dunn will receive payment equal to his basic salary as of the termination date which he would have been entitled to receive under the Dunn Agreement during the notice period referred to in the bullet below, less income tax and national insurance contributions. Payment in lieu of notice will not include (i) any bonus or commission payments that might otherwise have been paid to Mr. Dunn during the period for which such payment in lieu of notice is made, (ii) benefits Mr. Dunn would have been entitled to during such time, and (iii) holiday entitlement that would have accrued during such time.

- **Termination**: Subject to successful completion of the probationary employment period as set forth in the Dunn Agreement, and except in connection with certain "for cause" events, as set forth in Section 20.2 of the Dunn

Agreement, the Company may terminate Mr. Dunn's employment by giving at least 12 months' prior written notice, and is obligated to continue paying Mr. Dunn his basic salary and other benefits during such notice period.

The foregoing descriptions of the Myers Agreement, the Carter Agreement and the Dunn Agreement do not purport to be complete and are qualified in their entirety by reference to the complete text of the Myers Agreement, the Carter Agreement and the Dunn Agreement, attached to this Annual Report as Exhibits 4.17, 4.18 and 4.19, respectively, and incorporated herein by reference.

## C. Board Practices

### Corporate Governance Practices

We are incorporated in Israel and therefore are subject to various corporate governance practices under the Companies Law, relating to matters such as audit and compensation committees, internal auditor and approvals of interested parties transactions. These matters are in addition to the Nasdaq rules and relevant provisions of U.S. securities laws. Under applicable Nasdaq rules, a foreign private issuer such as us may generally follow its home country rules of corporate governance in lieu of comparable Nasdaq rules, except for certain matters such as composition and responsibilities of the audit committee and the independence of its members. See Item 3.D—"*Risk Factors—As a "foreign private issuer," we are permitted, and intend, to follow certain home country corporate governance practices instead of otherwise applicable SEC and Nasdaq requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.*" above. For information regarding home country rules followed by us see Item 16.G—"*Corporate Governance*" below.

***Board of Directors***

Under the Companies Law and our articles of association, our board of directors directs our policy and supervises the performance of our Chief Executive Officer. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors. Our Chief Executive Officer is appointed by, and serves at the discretion of, our board of directors. All of our other executive officers are also appointed by our board of directors, and are subject to the terms of any applicable employment or service agreements that we may enter into with them or with certain entities through which we receive their services.

All of our directors other than Dr. Michael Myers and Denise Carter, are independent under the Nasdaq rules.

Under our articles of association, our board of directors must consist of at least five and not more than eight directors (including External Directors, if and to the extent any External Directors are appointed – see External Directors below). Our board of directors currently consists of seven members.

Other than External Directors (if and to the extent "External Directors" are appointed), our directors are elected by an ordinary resolution at the annual and/or a special general meeting of our shareholders. Because our ordinary shares do not have cumulative voting rights in the election of directors, the holders of a majority of the voting rights represented at a shareholders meeting have the power to elect all of our directors, subject to the special approval requirements for External Directors, if and to the extent External Directors are appointed.

In addition, our articles of association allow our board of directors to appoint directors from time to time, until that director's dismissal by a resolution at an annual or special general meeting of shareholders, or the conclusion of that director's term of office in accordance with our articles of association or any applicable law, subject to the maximum number of directors allowed under our articles of association. If required to be appointed, External Directors are elected for an initial term of three years by a special majority at an annual or special general meeting of shareholders, and may be re-elected for up to two additional three-year terms and, under certain circumstances, for an indefinite number of additional three-year terms. External Directors, if required to be appointed, may be removed from office only under the limited circumstances set forth in the Companies Law.

Under the Companies Law, our board of directors must determine the minimum number of directors who are required to have "accounting and financial expertise," as that term is defined under Section 240 of the Companies Law and regulations promulgated pursuant thereto. In determining the number of directors required to have such expertise, our board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that the minimum number of directors of our company who are required to have accounting and financial expertise is three. Our board of directors has determined that James Culverwell, Joseph Cooper and Natalie Leong possess such accounting and financial expertise.

***Chairman of the Board***

Our articles of association provide that the Chairman of the board of directors is appointed by the members of the board of directors and serves as Chairman of the board of directors throughout his term as a director, unless resolved otherwise by the board of directors. Under the Companies Law, the Chief Executive Officer or a relative of the Chief Executive Officer may not serve as the Chairman of the board of directors, and the Chairman or a relative of the Chairman may not be vested with authorities of the Chief Executive Officer, unless such service or the vesting of such authority is approved, for a period not greater than three years, by a majority vote of the shares present and voting at an annual or special general meeting of shareholders, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such appointment, present and voting at such meeting (not including abstaining shareholders); or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in such appointment voting against such appointment does not exceed 2% of the aggregate voting rights in the company.

A "controlling shareholder" under the Companies Law generally means a person (where a corporation and its affiliates, as well as an individual and family members sharing a residence or dependent upon each other for their livelihood, are deemed to be a single person), or persons acting together (whether by means of any trust, syndicate, voting arrangement or other arrangement) which, whether directly or indirectly, enjoys a *de facto* ability to direct a company's affairs, other than by exercise of official duty as a director or officer of the company or from any other position with the company, with holdings by such person or persons of 50% or more of the rights to (x) vote in a shareholders' meeting, or (y) appoint the company's directors or its chief executive officer, creating a rebuttable presumption of "control."

In addition, a person subordinated, directly or indirectly, to the Chief Executive Officer may not serve as the Chairman of the board of directors; the Chairman of the board of directors may not be vested with authorities that are granted to those subordinated to the Chief Executive Officer; and the Chairman of the board of directors may not serve in any other position in the company or a controlled company, other than as a director or Chairman of a controlled company.

Dr. Michael Myers has served as the chief executive officer and chairman of the board of Quoin Pharmaceuticals, Inc., a Delaware company and our wholly-owned subsidiary, since its inception. Effective as of the closing of the Merger on October 28, 2021, Dr. Myers was appointed to our board of directors and employed as our Chief Executive Officer, and has been acting as chairman pro tempore of our board of directors. Based on the recommendation of our nominating and governance committee, our board of directors has recommended that our shareholders ratify and approve the service of Dr. Myers as both Chief Executive Officer and Chairman of the Board, for a three-year period commencing on October 28, 2021, and which was so ratified and approved at the annual general meeting of shareholders on April 12, 2022.

***External Directors***

Subject to certain exceptions referred to below, under the Companies Law, an Israeli company whose shares have been offered to the public or whose shares are listed for trading on a stock exchange in or outside of Israel is required to appoint to its board of directors at least two "external directors" as that term is defined under the Companies Law ("**External Directors**"). External Directors must meet stringent standards of independence, must possess certain professional qualifications, must be elected and can only be dismissed in a prescribed manner, and may be compensated for their service

only within certain defined parameters, all of the above as set forth in the Companies Law and regulations promulgated thereunder.

Regulation 5D of the Israeli Companies Regulations (Relief for Public Companies with Shares Listed for Trading on a Stock Market Outside of Israel), 5760-2000 (“Regulation 5D”), allows public companies satisfying certain conditions set out in those regulations, to "opt out" from having to appoint External Directors to its board of directors, and exempts such companies from the requirements under the Companies Law to appoint External Directors to committees of the board of directors (including the audit and compensation committees). A public company may be exempted under Regulation 5D if its securities are not listed in Israel and are listed on certain foreign exchanges, including Nasdaq, and the company: (x) satisfies the laws and regulations (including listing standards) regarding the appointment of independent directors and the composition of audit and compensation committees which apply to companies that are organized in the country in which the qualified foreign exchange operates; and (y) has no controlling shareholder, *provided that* (z) if at the time of the election or appointment of any director the members of the Board are of one gender, a director of the opposite gender shall be elected or appointed.

For so long as we do not have a controlling shareholder, we believe we will satisfy the conditions set out in Regulation 5D and, accordingly, pursuant to a resolution of our board of directors adopted on March 3, 2022, we have "opted out" from the requirements of the Companies Law that would otherwise have required us to appoint External Directors to our board of directors and appoint External Directors to various committees of the board.

At any point in time, should we cease to satisfy the conditions set out in Regulation 5D, or should our board adopt a resolution to cease to avail ourselves of Regulation 5D, we will then convene a general meeting of shareholders to elect External Directors to our board of directors as required under the Companies Law, and following such election, we will re-constitute the membership of our audit committee, compensation committee, and any other committees exercising a power of our board of directors (to the extent necessary and applicable), in the manner prescribed under the Companies Law.

We set down below certain of the rules and requirements under the Companies Law relating to External Directors in the event we cease to satisfy the conditions set out in Regulation 5D or in the event, due to a board resolution, we decide to "opt-in" to the appointment of External Directors.

According to the Companies Law and the regulations promulgated thereunder, an External Director must have either "accounting and financial expertise" or "professional expertise," as those terms are defined in such regulations. At least one of our External Directors (if and to the extent we are required to appoint External Directors), must have “financial and accounting expertise” as defined under the Companies Law, unless a member of the audit committee, who is an independent director with financial and accounting expertise under the Nasdaq Capital Market rules and has independence from any controlling shareholder of the Company in the manner required of External Directors, has “financial and accounting expertise.” An External Director is considered to have “professional expertise” if he or she holds an academic degree in certain fields or has at least five years of experience in certain senior positions.

The provisions of the Companies Law set out special approval requirements for the election and term of service of External Directors. External Directors must be elected by a majority vote of the shares present and voting at a general meeting of shareholders, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the election of the External Director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions; or

- the total number of shares voted by shareholders who are not controlling shareholders and who do not have a personal interest in the election of the External Director (other than a personal interest not deriving from a relationship with a controlling shareholder), against the election of the External Director, does not exceed 2% of the aggregate voting rights in the company.

The initial term of an External Director is three years. Thereafter, an External Director may be reelected by shareholders to serve in that capacity for up to two additional three-year terms, except as provided below, provided that either:

- his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's aggregate voting rights and is approved at a shareholders meeting by a majority of those shareholders who are not controlling shareholders and do not have a personal interest in such election (other than a personal interest not deriving from a relationship with a controlling shareholder), provided that the total number of shares held by shareholders voting for such re-election who are not controlling shareholders and do not have a personal interest in such re-election (other than a personal interest not deriving from a relationship with a controlling shareholder) exceeds 2% of the aggregate voting rights in the company. In such event, the External Director so reappointed may not be a Related or Competing Shareholder, as defined below, or a relative of such shareholder, at the time of the appointment, and is not and has not had any affiliation with a Related or Competing Shareholder, at such time or during the two years preceding such person's reappointment to serve an additional term as external director. The term "Related or Competing Shareholder" means a shareholder proposing the reappointment or a shareholder holding 5% or more of the outstanding shares or voting rights of the company, provided that, at the time of the reappointment, such shareholder, the controlling shareholder of such shareholder, or a company controlled by such shareholder, have a business relationship with the company or are competitors of the company; or

- his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders meeting by the same majority required for the initial election of an External Director (as described above).

The term of office for External Directors for Israeli companies traded on certain foreign stock exchanges, including the Nasdaq Capital Market, may be extended for an indefinite number of additional three-year terms, in each case provided that the audit committee and the board of directors of the company confirm that, in light of the External Director's expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period(s) is beneficial to the company, and provided that the External Director is re-elected subject to the same shareholder vote requirements as if elected for the first time (as described above). Prior to the approval of the re-election of the External Director at a general meeting of shareholders, the company's shareholders must be informed of the term previously served by him or her and of the reasons why the board of directors and audit committee recommended the extension of his or her term.

An External Director may be removed from office before the expiration of his or her term only upon his or her disqualification to serve as a director of the Company, or by the determination of either: (1) a court, or (2) a special general meeting of shareholders acting to dismiss the External Director by the same shareholder vote percentage required for the External Director's election, that the statutory qualifications required of an External Director have ceased to apply, or that the External Director has violated his or her duty of loyalty to the company. If any of the conditions which the Companies Laws requires of an External Director ceases to exist, that External Director must inform the Company forthwith, and his or her term will expire effective from the Company's receipt of such notice. If an External Directorship becomes vacant and there are fewer than two External Directors on the board of directors at the time, then the board of directors is required under the Companies Law to call a shareholders meeting as soon as practicable to appoint a replacement External Director.

External Directors may be compensated only in accordance with regulations adopted under the Companies Law.

Each committee of the board of directors that is authorized to exercise the powers of the board of directors must include at least one External Director, the audit committee and the compensation committee must include all External Directors then serving on the board of directors, and the audit and compensation committee must meet certain composition requirements (as will be described below), all of the above being applicable to us only in the event that we cease to satisfy the conditions set out in Regulation 5D, or if our board of directors adopts a resolution to cease to avail ourselves of Regulation 5D.

***Committees of the Board of Directors***

Our board of directors has established three standing committees, the audit committee, the compensation committee and the nominating and governance committee.

***Audit Committee***

Our audit committee consists of James Culverwell, Joseph Cooper and Natalie Leong. James Culverwell serves as Chairman of the audit committee.

Under the Companies Law and our articles of association, the audit committee must be comprised of at least three directors. The audit committee elects its own Chairman. The audit committee may not include the Chairman of the board of directors, a controlling shareholder of the company, certain relatives of a controlling shareholder, a director employed by or providing services on a regular basis to a controlling shareholder or to an entity controlled by a controlling shareholder, or a director most of whose livelihood depends on a controlling shareholder.

If we cease to satisfy the conditions set out in Regulation 5D, or if our board resolution adopts a resolution to cease to avail ourselves of Regulation 5D, then the Chairman of the audit committee must be an External Director, all the External Directors must be members of the audit committee, and a majority of the audit committee's members must be either External Directors or independent directors (either as "independent director" is defined under the Companies Law, or in keeping with Nasdaq Capital Market rules regarding independent directors, provided that such independent director has independence from any controlling shareholder of the Company in the manner required of External Directors).

Under the Nasdaq corporate governance rules, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and Nasdaq corporate governance rules. Our board of directors has determined that each member of the audit committee is an audit committee financial expert, as defined by the SEC rules, and have the requisite financial sophistication as required by the Nasdaq Capital Market corporate governance rules.

Each of the members of the audit committee is deemed "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, according to which an audit committee member is barred from accepting any consulting, advisory or other compensatory fee from the company or any subsidiary thereof, other than in the member's capacity as a member of the board of directors, and may not be an affiliated person of the company or any subsidiary of the company apart from his or her capacity as a member of the board of directors and any committee of the board of directors.

On March 3, 2022, our board of directors adopted an amended and restated audit committee charter that sets forth the responsibilities of the audit committee consistent with the rules of the SEC and Nasdaq listing rules, as well as the requirements for such committee under the Companies Law, including the following:

- overseeing our independent registered public accounting firm and recommending the engagement, compensation or termination of engagement of our independent registered public accounting firm to the board of directors in accordance with Israeli law;
- recommending the engagement or termination of the person filling the office of our internal auditor; and
- recommending the terms of audit and non-audit services provided by the independent registered public accounting firm for pre-approval by our board of directors.

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and

systems of internal control over financial reporting. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management.

Under the Companies Law, our audit committee is responsible for:

- determining whether there are deficiencies in the business management practices of our company, including in consultation with our internal auditor or the independent auditor, and making recommendations to the board of directors to improve such practices;
- determining the approval process for transactions that are 'non-negligible' (i.e., transactions with a controlling shareholder that are classified by the audit committee as non-negligible, even though they are not deemed extraordinary transactions), as well as determining which types of transactions would require the approval of the audit committee, which determination may be based on annually pre-determined criteria;
- determining whether to approve certain related party transactions (including transactions in which an office holder has a personal interest and whether such transaction is extraordinary or material under the Companies Law) (see "—Approval of Related Party Transactions under Israeli Law");
- examining the work plan of the internal auditor before its submission to our board of directors and proposing amendments thereto or, upon a decision of the board of directors, acting as the corporate body to approve such work plan;
- examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools at his disposal to fulfill his responsibilities;
- examining the scope of our external auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors; and
- establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

***Compensation Committee and Compensation Policy***

Under the Companies Law, the board of directors of a public company must appoint a compensation committee. Under the corporate governance rules of Nasdaq, we are required to maintain a compensation committee consisting of at least two independent directors .

On March 3, 2022, our board of directors adopted an amended and restated compensation committee charter that sets forth the responsibilities of the compensation committee consistent with the rules of the SEC and Nasdaq listing rules, as well as the requirements for such committee under the Companies Law.

If we cease to satisfy the conditions set out in Regulation 5D, or if due to a resolution adopted by the board of directors we cease to avail ourselves of Regulation 5D, then:

- the compensation committee must consist of no less than three members;
- all the External Directors must be members of the compensation committee,
- a majority of the compensation committee's members must be External Directors,
- the chairman of the compensation committee must be an External Director; and

any person not qualified to be a member of the audit committee (as described above) will not be qualified to be a member of the compensation committee, and the compensation of any member serving on the compensation committee will be subject to the same regulations governing the compensation payable to External Directors.

Our compensation committee consists of Dennis Langer and Michael Sember. Dennis Langer serves as Chairman of the compensation committee.

- Under the Companies Law and Nasdaq rules, our compensation committee is responsible for, among other things: recommending to our board of directors a policy regarding the terms of engagement of the company's office holders, to which we refer as a "compensation policy";
- recommending whether the compensation policy should continue in effect, if the then-current policy has a term of greater than three years (approval of either a new compensation policy or the continuation of an existing compensation policy must in any case occur every three years);
- recommending to the board of directors updates to the compensation policy from time to time;
- assessing implementation of the compensation policy;
- the initial approval of transactions regarding the terms of compensation for all office holders, subject to further approvals that may be required by the board of directors and/or a general meeting of shareholders, depending on the circumstances;
- deciding, under the special circumstances set forth in the Companies Law, whether to exempt the approval of terms and conditions of a Chief Executive Officer's service from the requirement of shareholder approval;
- approving non-material amendments to the compensation arrangement of an office holder who is not a director;
- making other determinations that the Companies Law assigns to a compensation committee;
- reviewing and recommending for approval by the board of directors the overall compensation policies with respect to our Chief Executive Officer and other executive officers;
- reviewing and recommending for approval by the board of directors the corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers;
- evaluating the performance of our Chief Executive Officer and other executive officers in light of such goals and objectives;
- reviewing and approving the granting of options and other incentive awards, including the exercise of authorities delegated by the board of directors regarding the grant of equity incentives under our equity compensation plans;
- reviewing, evaluating and making recommendations regarding the compensation and benefits for our non-employee directors;
- overseeing our compliance with SEC and Nasdaq rules related to shareholder approval of certain executive compensation matters and equity compensation plans;
- considering and implementing policies with respect to oversight, assessment and management of risks associated with our compensation polices; and
- reviewing and establishing appropriate insurance coverage for our office holders.

Under Israeli law, the compensation policy serves as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company's objectives, the company's business plan and its long-term strategy, and creation of appropriate incentives for office holders. It also considers, among other things, the company's risk management, size and the nature of its operations. The compensation policy further provides a framework for the consideration of, among other things, the following additional factors:

- the knowledge, skills, expertise and accomplishments of the relevant office holder;
- the office holder's roles and responsibilities and prior compensation agreements with him or her;
- the ratio between the cost of the terms of employment of an office holder and the cost of the compensation of the other employees of the company, including those employed through manpower companies, in particular the ratio between such cost and the average and median compensation of the other employees of the company, as well as the impact such disparities may have on the work relationships in the company;
- the possibility of reducing variable compensation, if any, at the discretion of the board of directors; and the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation; and
- as to severance compensation, if any, the period of service of the office holder, the terms of his or her compensation during such service period, the company's performance during that period of service, the person's contribution towards the company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include:

- a link between variable compensation and long-term performance and measurable criteria;
- the relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- the conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the company's financial statements;
- the minimum holding or vesting period for variable, equity-based compensation; and
- maximum limits for severance compensation.

The compensation policy must be approved by the company's board of directors after considering the recommendations of the compensation committee. In addition, the compensation policy needs to be approved by the company's shareholders by a simple majority, provided that (1) such majority includes a majority of the votes cast by the shareholders who are not controlling shareholders and who do not have a personal interest in the matter, present and voting (abstentions are disregarded) or (2) the votes cast by shareholders who are not controlling shareholders and who do not have a personal interest in the matter and voted against the compensation policy, constitute two percent or less of the aggregate voting rights in the company (a "Special Majority for Compensation Matters").

If and to the extent the compensation policy is not approved by a Special Majority for Compensation Matters at a duly convened general meeting of shareholders, it may be possible under the Companies Law for the company to approve such compensation policy by the compensation committee and the board of directors making a determination, after re-examining the compensation policy and based on detailed reasoning that, notwithstanding the opposition or lack of approval by the general meeting of shareholders, the adoption of the compensation policy is nonetheless in the company's best interest.

A compensation policy that is for a period of more than three years must be approved in accordance with the above procedure every three years. A compensation policy does not, in and of itself, grant any rights to our directors or officers.

Following the recommendation of our compensation committee, our board of directors has approved the compensation policy for our office holders by way of a board resolution dated March 4, 2022, subject to that policy's approval by a Special Majority for Compensation Matters, and, that policy, in turn, was so approved by the Company's shareholders at our annual general meeting held on April 12, 2022.

Our compensation policy is designed to promote retention and motivation of directors and executive officers, incentivize superior individual excellence, align the interests of our directors and executive officers with our long-term performance and provide a risk management tool. To that end, a portion of our executive officer compensation package is targeted to reflect our short- and long-term goals, as well as the executive officer's individual performance. On the other hand, our compensation policy includes measures designed to reduce the executive officer's incentives to take excessive risks that may harm us in the long-term, such as limits on the value of cash bonuses and equity-based compensation, limitations on the ratio between the variable and the total compensation of an executive officer and minimum vesting periods for equity-based compensation.

Our compensation policy also addresses our executive officers' individual characteristics (such as their respective position, education, scope of responsibilities and contribution to the attainment of our goals) as the basis for compensation variation among our executive officers and considers the internal ratios between compensation of our executive officers and directors and other employees. Pursuant to our compensation policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses and other cash bonuses (such as a signing bonus and special bonuses with respect to any special achievements, such as outstanding personal achievement, outstanding personal effort or outstanding company performance), equity-based compensation, benefits and retirement and termination of service arrangements.

***Nominating and Governance Committee***

Our nominating and governance committee consists of Natalie Leong and Joseph Cooper, with Natalie Leong serving as chairperson. Our board of directors adopted, on March 3, 2022, an amended and restated nominating and governance committee charter, consistent with the rules of the SEC and Nasdaq listing rules, setting forth the responsibilities of the committee, which include:

- evaluating our corporate leadership structure, and reviewing important issues and developments in corporate governance, and developing appropriate recommendations for the Board; and
- overseeing and assisting our board in reviewing and recommending nominees for election as directors and members of committees of our board.

**Internal Auditor**

Under the Companies Law, the board of directors of an Israeli public company must appoint an internal auditor in accordance with the recommendation of the audit committee. An internal auditor may not be:

- a person (or a relative of a person) who holds more than 5% of the company's outstanding shares or voting rights;
- a person (or a relative of a person) who has the power to appoint a director or the chief executive officer of the company;
- an office holder (including a director) of the company (or a relative thereof); or
- a member of the company's independent accounting firm, or anyone on his or her behalf.

The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. The audit committee is required to oversee the activities and to assess the performance of the internal auditor as well as to review the internal auditor's work plan. On March 6, 2022, we appointed Edo Pollack as our internal auditor. Edo Pollack is a Certified Public Accountant (CPA) and partner-in-charge of the Israel office of Eisner Advisory Group LLC.

The Chairman of the board of directors is the direct supervisor of the internal auditor, unless the board of directors shall determine otherwise, in accordance with our articles of association and the Companies Law (and, in this regard, we have not determined otherwise). The internal auditor is required to submit his or her findings to the Chairman of the Board, the Chief Executive Officer, and the Chairman of the audit committee. The internal auditor may not be dismissed or suspended without his consent, other than by a decision of the board of directors requiring a quorum of the majority of the members of the board, after the board of directors has heard the audit committee's position on the matter and the internal auditor has been afforded a reasonable opportunity to bring his position before the audit committee and the board of directors.

**Approval of Related Party Transactions under Israeli Law**

***Fiduciary Duties of Directors and Executive Officers***

The Companies Law codifies the fiduciary duties that office holders owe to a company. An "office holder" under the Companies Law means a director, a Chief Executive Officer, or other officer who occupies a general or chief management position, or serves in a position directly secondary to or directly reporting to the Chief Executive Officer. Each person listed in the table under "Directors and Senior Management" above is an office holder.

An office holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of loyalty requires that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to any such action.

The duty of loyalty includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the company;
- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

***Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions***

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may be aware of and all related material information or documents concerning any existing or proposed transaction with the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. As used in the context of the Companies Law, a

"personal interest" includes an interest of any person in an act or transaction of a company, including a personal interest of such person's "relative," or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director or chief executive officer, or in which he or she has the right to appoint at least one director or the chief executive officer, but excluding a personal interest stemming from ownership of shares in the company. A "personal interest" is furthermore deemed to include, in a proposal brought before a meeting of shareholders, the personal interest of a shareholder for whom a vote is being cast by power of attorney, as well as the personal interest of a person voting by virtue of a power of attorney, even if the person granting such power of attorney has no personal interest in the matter. A "relative" (in this context, and generally in the context of the Companies Law) means (a) a spouse, sibling, parent, grandparent, child or descendant, (b) a spouse's child or descendant, parent or sibling, or (c) the spouse of any of the foregoing. An office holder is not, however, obligated to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an "extraordinary transaction."

Under the Companies Law, an "extraordinary transaction" is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on a company's profitability, assets or liabilities.

A director and any other office holder who has a personal interest in a transaction which is considered at a meeting of the board of directors or the audit committee may generally (unless it is with respect to a transaction which is not an extraordinary transaction) not be present at such a meeting or vote on that matter, unless a majority of the directors or members of the audit committee, as applicable, have a personal interest in the matter. If a majority of the members of the audit committee or the board of directors have a personal interest in the matter, then all of the directors may participate in the deliberations of the audit committee or board of directors, as applicable, with respect to such transaction and vote on the approval thereof and, in such case, shareholder approval is also required.

Generally speaking, any transaction between the Company and an office holder, or between the Company and a person or entity in whom the office holder has a personal interest, requires approval by the board of directors; if such transaction is an extraordinary transaction, it requires approval first by the company's audit committee, and subsequently by the board of directors. A transaction regarding the terms of compensation of an office holder who is not a director requires approval first by the company's compensation committee, then by the company's board of directors, and, if such compensation transaction is not consistent with the company's compensation policy, or if the office holder is the Chief Executive Officer, the subsequent approval of a Special Majority for Compensation Matters at a general meeting of shareholders- as defined in *Compensation Committee and Compensation Policy* above. Arrangements regarding the terms of compensation of a director require the approval of the compensation committee, followed by the board of directors, followed by a simple majority at a general meeting of shareholders; however, under certain circumstances, a Special Majority for Compensation Matters is required.

***Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions***

Under Israeli law, the disclosure requirements regarding personal interests that apply to directors and other office holders also apply to a controlling shareholder of a public company, and certain transactions with controlling shareholders, transactions in which a controlling shareholder has a personal interest, and arrangements regarding the terms of service or employment of a controlling shareholder require certain specified approvals. For these purposes (and throughout this section regarding the disclosure of personal interests and approval of transactions regarding controlling shareholders), a "controlling shareholder" is deemed to include any shareholder holding 25% or more of the voting rights in the company if no other shareholder owns more than 50% of the voting rights in the company, and two or more shareholders with a personal interest in the approval of the same transaction are deemed to be one shareholder for such purpose. The approval of the audit committee or the compensation committee, as the case may be, followed by the board of directors and further followed by a general meeting of shareholders of the company, in that order, is required for (a) extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, (b) the engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to the company, (c) the

terms of engagement and compensation of a controlling shareholder or his or her relative as an office holder, (d) the employment of a controlling shareholder or his or her relative by the company, other than as an office holder or (e) a private placement in which a controlling shareholder has a personal interest. The approval by the shareholders of such transactions at a general meeting requires one of the following special majorities:

- at least a majority of the shares held by all shareholders who do not have a personal interest in the transaction and who are present and voting at the meeting approving the transaction, excluding abstentions; or

- the shares voted against the transaction by shareholders who have no personal interest in the transaction and who are present and voting at the meeting do not exceed 2% of the aggregate voting rights in the company.

To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years, approval is required once every three years, unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable given the circumstances related to that transaction.

Transactions regarding the terms of compensation of a controlling shareholder to be approved in accordance with the procedure described above may not be inconsistent with the company's compensation policy.

Under the Companies Regulations (Relief from Related Party Transactions), 5760-2000, the following types of extraordinary transactions require approval of the audit committee and board of directors only, and do not require shareholder approval: (i) the extension of a previously approved extraordinary transaction, which does not involve any significant change in the terms of the existing transaction, other than a change solely for the benefit of the company; (ii) an extraordinary transaction from which the company stands only to benefit; (iii) an extraordinary transaction is in accordance with the terms of a framework agreement, which itself was duly approved in the manner of an extraordinary transaction with a controlling shareholder; (iv) an extraordinary transaction with a controlling shareholder or a person in which the controlling shareholder has a personal interest, the purpose of which is a transaction of theirs with a third party or a joint proposal to enter into a transaction with a third party, and the terms of the transaction that apply to the company are not significantly different from the terms that apply to the controlling shareholder or an entity controlled by him or her (taking into account the extent their respective portions in the transaction); (v) an extraordinary transaction by and among companies controlled by the controlling shareholder, or between the company and the controlling shareholder or a person in which the controlling shareholder has a personal interest, and the transaction is on market terms, within the ordinary course of business, and is without injury to the company's interests; or (vi) at the time of the extraordinary transaction's approval by the audit committee and the board of directors, the aggregate voting rights of shareholders who do not have personal interest in the approval of such transaction do not exceed 2% of the voting rights in the company. Employment and compensation arrangements for an office holder who is a controlling shareholder of a public company, or the provision of directors and officers insurance for the chief executive officer, do not require shareholder approval if certain criteria regarding caps on compensation are met. Furthermore, these relief regulations allow for a company to enter an insurance policy for its office holders by approval of the compensation committee alone, if such insurance policy is consistent with the company's existing and duly approved compensation policy, is under market terms, and is not likely to substantially impact the company's assets, liabilities or profitability.

**Shareholder Duties**

Under the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at a general meeting or class meeting of shareholders with respect to the following matters:

- an amendment to the company's articles of association;

- an increase of the company's authorized share capital;

- a merger; or

- the approval of related party transactions and acts of office holders that require shareholder approval.

In addition, a shareholder also has a general duty to refrain from taking advantage of other shareholders.

Certain shareholders also have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who is aware that his or her vote would determine the outcome of a shareholder vote at a general meeting or class meeting of shareholders, and any shareholder who, by virtue of the articles of association, has the power to appoint or to prevent the appointment of an office holder of the company or other power regarding the company. The Companies Law does not define (and there is little Israeli case law defining) the substance of the duty of fairness, except that the Companies Law states that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

**Exculpation, Insurance and Indemnification of Directors and Officers**

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our articles of association include such a provision. The company may not exculpate in advance a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Companies Law, a company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed by him or her as an office holder, either pursuant to an undertaking made in advance of an event or following an event, provided its articles of association include a provision authorizing such indemnification, which ours do:

- financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be reasonably foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail the abovementioned foreseen events and amount or criteria;

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (a) no indictment was filed against such office holder as a result of such investigation or proceeding; and (b) no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a monetary sanction; and

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf, or by a third party, or in connection with criminal proceedings in which the office holder was acquitted, or as a result of a conviction for an offense that does not require proof of criminal intent.

Under the Companies Law and the Israeli Securities Law 5728-1968 (the "Israeli Securities Law"), a company may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;

- a breach of duty of care to the company or to a third party, to the extent such a breach arises out of the negligent conduct of the office holder; and

- financial liability imposed on the office holder in favor of a third party.

Under our articles of association, we may insure an office holder against the aforementioned liabilities as well as the following liabilities:

- a breach of duty of care to the company or to a third party;

- any other action against which we are permitted by law to insure an office holder;

- expenses incurred and/or paid by the office holder in connection with an administrative enforcement procedure under any applicable law including Parts 8(3), 8(4) and 9(1) of the Israeli Securities Law, and a proceeding according to Section D of Chapter 4 in Part 9 of the Companies Law, including reasonable litigation expenses and attorney fees;

- a payment to a person injured by a violation of Section 52BBB(a)(1)(a) of the Israeli Securities Law; and

- expenses incurred in connection with a proceeding under the Economic Competition Law 5748-1988, including reasonable litigation expenses and attorney fees.

Under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not harm the company;

- a breach of duty of care committed intentionally or recklessly, excluding a breach arising solely out of the negligent conduct of the office holder;

- an act or omission committed with intent to derive illegal personal benefit; or

- a fine, civil fine, or other financial sanction levied against the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, also by the shareholders. See "—Approval of Related Party Transactions under Israeli Law."

Our articles of association permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Companies Law and the Israeli Securities Law.

Upon the recommendation of our compensation committee, our board of directors has approved, and our shareholders have approved, at the annual general meeting held on April 12, 2022, the form of indemnification and release agreement to be entered into with each of our current and future directors and executive officers exculpating them, to the fullest extent permitted by law and our articles of association, and undertaking to indemnify them to the fullest extent permitted by law and our articles of association. This indemnification will be limited to events determined as foreseeable by the board of directors based on our activities, and to an amount or according to criteria determined by the board of directors and our compensation committee as reasonable under the circumstances.

Under the form of indemnification and release agreement so approved, the maximum indemnification amount will be limited to an amount which shall not exceed the greater of (a) 25% of our total shareholders' equity according to our most

recent financial statements as of the time of the actual payment of the indemnification and (b) $35 million. Such maximum amount is in addition to any amount paid (if paid) under insurance and/or by a third-party pursuant to an indemnification arrangement.

In the opinion of the SEC, indemnification of directors and officers for liabilities arising under the Securities Act, however, is against public policy and therefore unenforceable.

We have obtained directors' and officers' liability insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Companies Law.

**D. Employees.**

As of December 31, 2021, we had four full-time employees. These employees are comprised of Dr. Michael Myers, Chief Executive Officer, Denise Carter, Chief Operating Officer, Gordon Dunn, Chief Financial Officer, and an administrative assistant. Our employees are not represented by any collective bargaining agreements, and we have never experienced an organized work stoppage. Gordon Dunn is located in the United Kingdom. Our other employees are located in the United States of America.

**E. Share Ownership.**

**Stock Option Plans**

***Amended and Restated Equity Incentive Plan***

Upon the recommendation of our Compensation Committee, our board of directors, and our shareholders at the 2022 AGM, have approved and adopted an amendment and restatement of our 2014 Global Incentive Option Scheme, which has been renamed as our Amended and Restated Equity Incentive Plan (the "Equity Incentive Plan"). The number of shares reserved for issuance under the Equity Incentive Plan has been increased to 15% of our outstanding ordinary shares on a fully-diluted basis, and will provide for the grant of options to our directors, officers, employees, consultants, advisers and service providers. The approved changes to the 2014 Global Incentive Option Scheme related to (i) the number of shares authorized for issuance under this plan, as described above, and (ii) the name of the plan, as well as certain related conforming changes.

As of April 12, 2022, options to purchase 1,606,133,600 ordinary shares were outstanding and up to 220,858,000 ordinary shares were available for issuance under the Equity Incentive Plan. Of such outstanding options, options to purchase 23,276,800 ordinary shares were exercisable as of April 12, 2022, with a weighted average exercise price of $0.05 per ordinary share.

The Equity Incentive Plan provides for options to be granted at the determination of our board of directors, which has the power to administer the Equity Incentive Plan, either directly or upon the recommendation of the Compensation Committee of the Board of Directors in accordance with applicable law and Quoin's Amended and Restated Articles of Association. Upon termination of employment for any reason, other than in the event of death or disability or for "Cause" (as defined in the Equity Incentive Plan), all unvested options will expire and all vested options at time of termination will generally be exercisable for 90 days following termination, subject to the terms of the Equity Incentive Plan and the governing option agreement. If we terminate a grantee for Cause the grantee's right to exercise all vested and unvested the options granted to him or her will expire immediately. Upon termination of employment due to death or disability, all the vested options at the time of termination will be exercisable for 12 months after date of termination, subject to the terms of the Equity Incentive Plan and the governing option agreement.

Options granted under the Equity Incentive Plan are subject to applicable vesting schedules.

In the event that options allocated under the Equity Incentive Plan expire or otherwise terminate in accordance with the provisions of the Equity Incentive Plan, such expired or terminated options will become available for future grant awards and allocations under the Equity Incentive Plan.

See also "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders" below.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of our ordinary shares as of April 12, 2022 by:

- each person, or group of affiliated persons, known by us to own beneficially 5% or more of our outstanding ordinary shares;
- each of our directors and executive officers; and
- all of our directors and officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally means sole or shared power to vote or direct the voting or to dispose or direct the disposition of any ordinary shares. Unless otherwise indicated in the footnotes to this table, we believe that each of the persons named in this table has sole voting and investment power with respect to the shares indicated as being beneficially owned.

Except as indicated by footnote, the beneficial ownership information is based upon 3,354,653,999 ordinary shares outstanding as of April 12, 2022. Ordinary shares that may be acquired by a person within 60 days of April 12, 2022, pursuant to the exercise of options or warrants, are deemed to be outstanding for purpose of computing the percentage ownership of such person, but are not deemed to be outstanding for purposes of computing the percentage ownership of ordinary shares of any other person shown in the table. Each ADS represents 400 ordinary shares of Quoin Ltd.

| Name | Number of Ordinary Shares Beneficially Owned | Percentage Owned |
|---|---|---|
| *Principal Shareholders:* | | |
| Altium Growth Fund, LP[(1)] | 6,783,977,200 | 9.99 % |
| Goldman Sachs & Co. LLC[(2)] | 580,219,600 | 17.3 % |
| *Executive Officers and Directors:* | | |
| Michael Myers[(3)] | 600,730,400 | 17.9 % |
| Denise Carter[(3)] | 600,730,400 | 17.9 % |
| Gordon Dunn | — | * |
| James Culverwell[(4)] | 19,074,800 | * |
| Joseph Cooper | — | * |
| Dennis Langer[(5)] | 21,006,400 | * |
| Natalie Leong | — | * |
| Michael Sember | — | * |
| All directors and officers as a group (8 persons) | 1,241,542,000 | 36.6 % |

* Less than 1%

(1) Altium Capital Management, LP ("Altium Capital"), the investment manager of Altium Growth Fund, LP (the "Fund"), has voting and investment power over these securities. Jacob Gottlieb is the managing member of Altium Capital Growth GP, LLC ("Altium Growth"), which is the general partner of the Fund. Each of the Fund and Jacob Gottlieb disclaims beneficial ownership over these shares. Consists of 1,238,429 ADSs issuable upon exercise of Investor Exchange Warrants, 6,665,922 ADSs issuable upon exercise of Series A Warrant (including 2,389,670 ADSs issuable upon exercise of an additional Series A Warrant issuable upon the cash exercise of the Series C Warrant), 6,665,992 ADSs issuable upon exercise of Series B Warrant (including 2,389,670 ADSs issuable upon exercise of an additional Series B Warrant issuable upon the cash exercise of the Series C Warrant), and 2,389,670 ADSs issuable upon exercise of the Series C Warrant, issued pursuant to the terms of the Securities Purchase Agreement entered into between the Fund, Cellect and Quoin Inc. The Fund cannot exercise the Investor Exchange Warrants or the Series A Warrant to the extent the Fund, together with its affiliates, would beneficially own, after any such exercise, more than 4.99% of the outstanding ordinary shares (the "4.99% Warrant Blocker"). In addition, the Fund cannot exercise the Series B Warrant or the Series C Warrant to the extent the Fund, together with its affiliates, would beneficially own, after any such exercise, more than 9.99% of the outstanding ordinary shares (the "9.99% Warrant Blocker", and together with the 4.99%, the "Warrant Blockers"). The percentage

set forth in this table gives effect to the Warrant Blockers, but the number of ordinary shares beneficially owned by the Fund set forth in this table does not give effect to the Warrant Blockers. The address of the Fund, Altium Capital and Altium Growth is c/o Altium Capital Management, LP, 152 West 57th Street, 20th Floor, New York, NY 10019.

(2) Based on Schedule 13G/A filed with the SEC on March 10, 2022 by The Goldman Sachs Group, Inc. ("GS Group") and Goldman Sachs & Co. LLC ("GS LLC"). The securities are held directly by GS LLC, a broker or dealer registered under Section 15 of the Investment Company Act of 1940 and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940. GS LLC is a subsidiary of GS Group, and GS Group may be deemed to beneficially own the securities. The address of GS Group and GS LLC is 200 West Street, New York, NY 10282.

(3) Includes ADSs held in escrow.

(4) Consists of 7,119 ADSs outstanding and 40,568 ADSs issuable upon exercise of warrants

(5) Consists of 7,831 ADSs outstanding and 44,685 ADSs issuable upon exercise of warrants.

At the closing of the Merger on October 28, 2021 and pursuant to the terms of the Merger Agreement, the former holders of common stock of Quoin Inc. (including shares acquired by, and held in escrow on behalf of, Altium Growth Fund, LP) owned in the aggregate approximately 88% of the ordinary shares, with Cellect's stockholders immediately prior to the Merger owning approximately 12% of the ordinary shares.

Bank of New York Mellon, or BNY, is the holder of record for our ADR program, pursuant to which each ADS represents 400 ordinary shares. As of April 12, 2022, BNY held 3,354,291,340 ordinary shares representing 99.99% of the outstanding share capital held at that date. Certain of these ordinary shares were held by brokers or other nominees. As a result, the number of holders of record or registered holders in the United States is not representative of the number of beneficial holders or of the residence of beneficial holders.

None of our shareholders has different voting rights from other shareholders. To our knowledge, we are not owned or controlled, directly or indirectly, by another corporation or by any foreign government. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of us.

**B. Related Party Transactions**

The following is a description of the transactions with related parties, to which we are party and which have been in effect within the past three fiscal years and up to the date of this annual report on Form 20-F.

We believe that we have executed all of our transactions with related parties on terms no less favorable to us than those we could have obtained from unaffiliated third parties. See "Board Practices—Approval of Related Party Transactions under Israeli Law."

On October 2, 2020, Quoin Inc. commenced an offering of convertible notes and warrants. From October through December 2020, Quoin Inc. 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 our board of directors. See "Item 5. Operating and Financial Review and Prospects" for additional information about 2020 Notes.

During 2021, Quoin Inc. incurred $108,000 of consulting expenses, primarily from a related party company controlled by Dennis Langer, our director, with approximately $8,000 paid to Dr. Myers' son who consults Quoin Inc. on research and development matters from time to time.

Due to the limited funding of Quoin Inc. prior to the Merger and private placements, as described in this annual report, the compensation, including salary, office and car allowances and other benefits, due to Dr. Myers Ms. Carter under their respective employment agreements, as well as reimbursement of expenses and other amounts paid by Dr. Myers and Ms. Carter to third parties on behalf of Quoin Inc., were not paid by Quoin Inc. to Dr. Myers and Ms. Carter, and have been accruing as indebtedness to Dr. Myers and Ms. Carter. Following the closing of the Merger and private placements,

Quoin Inc. began making payments of $25,000 per month to each of Dr. Myers and Ms. Carter to repay the above-described non-interest-bearing indebtedness. After taking into account $125,000 repaid to each of Dr. Myers and Ms. Denise Carter from October 28, 2021 until February 2022, Quoin Inc. was indebted to each of Dr. Myers and Ms. Carter in the aggregate amount of $ 2,508,701 and $2,115,032, respectively.

**Indemnification Agreements**

Our articles of association permit us to exculpate, indemnify and insure our directors and other office holders to the fullest extent permitted by the Companies Law and we have obtained and maintain directors' and officers' insurance covering our directors and other office holders. Upon the recommendation of our compensation committee, our board of directors has approved, and our shareholders have approved at the Annual General Meeting held on April 12, 2022, the form of indemnification and release agreement to be entered into with each of our current and future directors and other office holders , exculpating them to the fullest extent permitted by the law and our articles of association and undertaking to indemnify them to the fullest extent permitted by the law and our articles of association, including with respect to liabilities resulting from this offering, to the extent such liabilities are not covered by insurance. See "*Exculpation, Insurance and Indemnification of Directors and Officers*."

**Employment Agreements and Bonuses**

We have employment agreements with our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, and granted bonuses to such officers. See "Item 6. Directors, Senior Management and Employees—B. Compensation."

**Options**

In April 2022, we granted options to purchase our ordinary shares to certain of our officers and directors. See "Item 6. Directors, Senior Management and Employees—B. Compensation" and "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders". We describe our option plan under "Item 6. Directors, Senior Management and Employees—E. Share Ownership" and "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders."

Descriptions provided above are summaries of the terms of agreements (if any) and do not purport to be complete and are qualified in their entirety by the complete agreements.

**C. Interests of Experts and Counsel**

Not applicable.

**ITEM 8. FINANCIAL INFORMATION.**

**A. Consolidated Statements and Other Financial Information.**

See "Item 18. Financial Statements."

**Legal Proceedings**

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are currently not a party to any material legal or administrative proceedings and except as set forth below, are not aware of any pending or threatened material legal or administrative proceedings against us.

On February 12, 2020, we received a letter from counsel to Kishore Shah and Aruna Shah seeking payment of certain amounts based on a Securities Purchase Agreement with Polytherapeutics, Inc. dated March 24, 2018 (the "Polytherapeutics Agreement"). The amount requested was originally payable, under the terms of the Polytherapeutics Agreement, over a period of 36 months for consulting services to be provided by Kishore Shah (the "Consultant"). The Consultant has not provided any services and has not complied with other technical requirements under the Research

Agreement with the Consultant, 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.

**Dividends**

Currently, we do not intend to pay cash dividends. Any future determination relating to our dividend policy will be at the discretion of our board of directors and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, applicable Israeli law and other factors our board of directors may deem relevant. In addition, the distribution of dividends is limited by Israeli law, which permits the distribution of dividends, generally, only out of distributable profits. See “Item 10. Additional Information—B. Memorandum and Articles of Association—Dividends.” See “Item 10. Additional Information—E. Taxation—Israeli Tax Considerations.”

If we pay any dividends, we will also pay such dividends to the ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. No dividends will accrue for any unexercised warrants. Cash dividends on our ordinary shares, if any, will be paid to ADS holders in U.S. dollars.

### B. Significant Changes

No significant change, other than as otherwise described in this Annual Report on Form 20-F, has occurred in our operations since the date of our consolidated financial statements included in this Annual Report on Form 20-F.

## ITEM 9. THE OFFER AND LISTING

### A. Offer and Listing Details

From 1990 to September 3, 2017, our shares were traded on the TASE. On July 29, 2016, our ADSs commenced trading on the Nasdaq Capital Market under the symbol “APOP”, and, in connection with the closing of the Merger, our trading symbol changed to “QNRX”.

### B. Plan of Distribution

Not applicable.

### C. Markets

Our ADSs are listed on the Nasdaq Capital Market.

### D. Selling Shareholders

Not applicable.

### E. Dilution

Not applicable.

### F. Expenses of the Issue

Not applicable.

## ITEM 10. ADDITIONAL INFORMATION

### A. Share Capital

Not applicable.

### B. Memorandum and Articles of Association

Our registration number with the Israeli Registrar of Companies is 520036484.

***Articles of Association***

The following are summaries of material provisions of our articles of association and the Israeli Companies Law, as amended (the "Companies Law"), insofar as they relate to the material terms of our ordinary shares.

***Purposes and Objects of the Company***

Our purpose is set forth in Section 2 of our articles of association and includes every lawful purpose.

**Voting Rights**

Holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders at a shareholders meeting. Shareholders may vote at shareholders meetings either in person, by proxy or by written ballot. Israeli law does not allow public companies to adopt shareholder resolutions by means of written consent in lieu of a shareholders meeting. The board of directors shall determine and provide a record date for each shareholders meeting and all shareholders at such record date may vote. Unless stipulated differently in the Companies Law or in the articles of association, all shareholders' resolutions shall be approved by a simple majority vote. As a general rule, an amendment to our articles of association requires the prior approval of a simple majority of our shares represented and voting at a general meeting.

***Transfer of Shares***

Our ordinary shares that are fully paid for are issued in registered form and may be freely transferred under our articles of association, unless the transfer is restricted or prohibited by applicable law or the rules of a stock exchange on which the shares are traded. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our articles of association or Israeli law, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

***Amendment of Share Capital***

Our articles of association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Companies Law and must be approved by a resolution duly passed by our shareholders at a general or special meeting by voting on such change in the capital. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings and profits, or an issuance of shares for less than their nominal value (which would be applicable to our company should our articles be changed so as to permit the issue of shares having a nominal value, however our shares currently have no nominal value), require a resolution of our board of directors and court approval.

***Dividends***

Under Israeli law, we may declare and pay dividends only if, upon the determination of our board of directors, there is no reasonable concern that the distribution will prevent us from being able to meet the terms of our existing and foreseeable obligations as they become due. Under the Companies Law, the distribution amount is further limited to the greater of retained earnings or earnings generated over the two most recent years legally available for distribution according to our

then last reviewed or audited financial statements, provided that the date of the financial statements is not more than six months prior to the date of distribution. In the event that we do not have retained earnings or earnings generated over the two most recent years legally available for distribution, we may seek the approval of the court in order to distribute a dividend. The court may approve our request if it determines that there is no reasonable concern that the payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

***Shareholders Meetings***

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year and in any event no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to as special meetings. Our board of directors may call special meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law and our articles of association provide that our board of directors is required to convene a special meeting upon the written request of (1) any two of our directors or one quarter of the directors then in office; or (2) one or more shareholders holding, in the aggregate either (a) 5% of our issued share capital and 1% of our outstanding voting rights, or (b) 5% of our outstanding voting rights.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings of a company are the shareholders of record on a date to be decided by the board of directors which for us, as a company listed on an exchange outside Israel, may be between four and forty days prior to the date of the meeting.

The Companies Law and our articles of association require that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our articles of association;
- appointment or termination of our auditors;
- appointment and dismissal of External Directors, if and to the extent any are required to be appointed;
- approval of acts and transactions requiring general meeting approval pursuant to the Companies Law;
- increases or reductions of our authorized share capital;
- a merger; and
- authorizing the Chairman of the board of directors or his relative to serve as the company's Chief Executive Officer or be vested with such authority; or authorizing the company's Chief Executive Officer or his relative to serve as the Chairman of the board of directors or be vested with such authority.

Under the Companies Law and our articles of association, notice of any annual or special shareholders meeting be provided at least 14 days prior to the meeting, and if the agenda of the meeting includes the appointment or removal of directors, the approval of office holders' compensation or transactions with office holders or interested or related parties, approval of a merger, or authorization of the Chairman of the board or his relative to serve as or be vested with authorities of the Chief Executive Officer, or of the Chief Executive Officer to serve as or be vested with authorities of the Chairman of the board, notice must be provided at least 35 days prior to the meeting.

***Quorum***

The quorum required for our general meetings of shareholders consists of two or more shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law and our articles of association, who hold or

represent, in the aggregate, at least 25% of the total outstanding voting rights, within half an hour from the time the meeting was designated to start.

A meeting adjourned for lack of a quorum will be adjourned for one week, to the same day in the following week and at the same time and place, or to a later date if so specified in the notice of the meeting, or to another day or place determined by our board of directors in a notice to shareholders. At the reconvened meeting, if a quorum is not present within half an hour from the scheduled time, any number of our shareholders present in person or by proxy shall constitute a lawful quorum.

***Resolutions***

Our articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by applicable law. Under the Companies Law, certain actions require the approval of a special majority, including: (i) an extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest, or any transaction regarding the terms of employment or other engagement of a controlling shareholder or a controlling shareholder's relative, other than certain exceptions as provided by regulatory relief – all as described in *"Approval of Related Party Transactions under Israeli Law – Disclosure of Personal Interest of Controlling Shareholders and Approval of Certain Transactions"* above, (ii) matters related to the compensation of our Chief Executive Officer, other than special circumstances under which our compensation committee can exempt such transactions from shareholder approval, as described in "*Board Practices – Compensation Committee and Compensation Policy*" above, (iii) compensation arrangements or grants that are exceptions to the guidelines under our compensation policy, (iv) authorization of our Chief Executive Officer to serve as or be vested with the authorities of the Chairman of our board of directors, or for the Chairman of our board of directors to serve as or be vested with the authorities of our Chief Executive Officer, and (v) appointment of External Directors, if any are appointed (see "*Board Practices – External Directors*" above).

The Companies Law provides that a shareholder, in exercising his or her rights and performing his or her obligations toward the company and its other shareholders, must act in good faith and in a customary manner, and avoid abusing his or her power – see *Shareholder Duties* above for more details.

***Dissolution***

Generally under Israeli law, a resolution for the voluntary winding up of a company requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy or by written ballot and voting on the resolution.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares (including holders of entitlements to shares, after deducting the nominal value (if any) of such shares and the price which would have been paid in order to exercise the right to such shares), in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

***Access to Corporate Records***

Under the Companies Law, all shareholders of a company generally have the right to review minutes of the company's general meetings, its register of shareholders and material shareholders, articles of association, financial statements and any document it is required by law to file publicly with the Israeli Companies Registrar. Any of our shareholders may request to review any document in our possession that relates to any action or transaction with a related party, interested party, or office holder that requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a trade secret or patent, or that the document's disclosure may otherwise prejudice our interests.

***Acquisitions under Israeli Law***

*Full Tender Offer*

A person wishing to acquire shares of a public Israeli company, and who would as a result hold over 90% of the target company's issued and outstanding share capital, is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company, and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares, is required to make a tender offer to all of the shareholders who hold shares of that class for the purchase of all of the issued and outstanding shares of that class. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law, provided that a majority of the offerees that do not have a personal interest in such tender offer, have accepted the tender offer. Alternatively, if shareholders who do not accept the tender offer represent less than 2% of the company's issued and outstanding share capital (or less than 2% of the applicable class of shares), approval by a majority of the offerees that do not have a personal interest in such tender offer is not required to complete the tender offer. A shareholder whose shares are so transferred may petition the court regarding the fair value to be paid in consideration of such shares, within six months from the date of acceptance of the full tender offer; this right of petition applies to all offeree shareholders, unless the acquirer stipulated in the tender offer that a shareholder accepting the offer may not seek appraisal rights, and prior to the acceptance of the full tender offer, the acquirer and the company disclosed the information required by law in connection with a full tender offer. To the extent a court so petitioned determines that the offered value was less than the fair value per share, the court may order the difference to be paid.

*Special Tender Offer*

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a "special tender offer" complying with the relevant provisions of the Companies Law if, as a result of the acquisition, the purchaser would become a holder of 25% or more of the voting rights in the company, if there did not previously exist a holder of 25% or more of the voting rights in the company, or if, as a result of the acquisition, the purchaser would become a holder of more than 45% of the voting rights in the company, if there did not previously exist a holder of more than 45% of the voting rights in the company. This requirement does not apply if the acquisition: (a) occurs in the context of a private placement by the company that received shareholder approval as a private placement giving the offeree 25% or 45% of the company's voting rights (as the case may be); (b) is from a holder of 25% or more of the voting rights in the company and results in the acquirer becoming a holder of 25% or more of the voting rights in the company; or (c) is from a holder of more than 45% of the voting rights in the company and results in the acquirer becoming a holder of more than 45% of the voting rights in the company.

In the event that a special tender offer is made, the target company's board of directors is required to express its opinion on the advisability of the offer, or may abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention.

A special tender offer must be directed to all offerees, and the offerees may give notice of their agreement or opposition to the special tender offer. The special tender offer will be consummated only if: (a) at least 5% of the voting rights attached to the company's outstanding shares will be acquired by the offeror, and (b) among those shareholders who gave notice of their position (excluding any controlling shareholders of the offeror, holders of 25% or more of the voting rights in the target company, and any person having a personal interest in the acceptance of the tender offer, including relatives or corporations under the control of any of the above), the number of shares whose holders agreed to the offer exceeds the number of shares whose holders objected to the offer.

If a special tender offer is accepted by the procedure described above, then shareholders who did not respond to or who objected the offer may accept the offer within four days of the last day set for the acceptance of the offer.

An office holder in a company which is the target of a special tender offer who, in his or her capacity as an office holder, performs an act or omits to act for in order to cause the failure of an existing or foreseeable special tender offer, or to impair the likelihood of its acceptance, is liable to the offeror and offerees for damages, unless such office holder acted in good faith and had reasonable grounds to believe that such act or omission was beneficial to the company. As a safe harbor, office holders of the target company may negotiate with a potential purchaser in order to improve the terms of a special tender offer, or negotiate with third parties in order to obtain a competing offer.

In the event that a special tender offer is accepted, the purchaser, any person or entity controlling or controlled by the purchaser, or under common control with the purchaser, may not make a subsequent tender offer for the purchase of shares of the target company, and may not enter into a merger with the target company, for a period of one year from the date of the offer, unless the purchaser or such person or entity undertakes to effect such an offer or merger as a special tender offer in compliance with the Companies Law requirements.

Under regulations enacted pursuant to the Companies Law, the above special tender offer requirements may not apply to companies whose shares are listed for trading on a foreign stock exchange if, among other things, the relevant foreign laws or the rules of the stock exchange include provisions limiting the percentage of control which may be acquired, or provide that the purchaser is required to make a tender offer to the public. However, the opinion of the Israeli Securities Authority (the "**ISA**") is that such exemption does not apply with respect to companies whose shares are listed for trading on stock exchanges in the United States, including Nasdaq, which, in the ISA's opinion, do not provide for sufficient legal restrictions on obtaining control or an obligation to make a tender offer to the public.

*Merger*

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain conditions described under the Companies Law are met, by each party's shareholders by a majority vote as described below.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted at the shareholders meeting held by shareholders who are not the other party to the merger, or held by any person who holds 25% or more of the outstanding shares or the right to appoint 25% or more of the directors of the other party to the merger (including relatives or entities in control of the above), vote against the merger. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the relative value of the merger parties and the consideration offered to the shareholders. If the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If a merger is with a company's controlling shareholder, or if a controlling shareholder has a personal interest in the merger, then the merger will be subject to the special majority approval required for an extraordinary transaction with a controlling shareholder (see: *Approval of Related Party Transactions under Israeli Law – Declaration of Personal Interest of Controlling Shareholders and Approval of Certain Transactions*). In the context of mergers (as well as other related party transactions), a "controlling shareholder" under Israeli law is deemed to include any shareholder holding 25% or more of the voting rights in the company if no other shareholder owns more than 50% of the voting rights in the company, and two or more shareholders with a personal interest in the approval of the same transaction are deemed to be one shareholder for such purpose.

The Companies Law requires the board of directors of a merging company to discuss and determine whether, in its view, there exists a reasonable concern that as a result of the proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, and if not, the board of directors may not approve the merger. The Companies Law requires each merging company to inform its secured creditors of the proposed merger plan. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors.

A merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies, and 30 days have passed from the date the merger was approved by the shareholders of each merging company.

*Antitakeover Measures*

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights, distributions or other matters, and shares having preemptive rights. As of the date of this Annual Report, we do not have any authorized or issued classes of shares other than our ordinary shares.

In the future, if we do create and issue a class of shares other than ordinary shares, such class of shares, depending on the specific rights that may be attached to them, may delay or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization of a new class of shares will require an amendment to our articles of association which requires the prior approval of the holders of a majority of our shares at a general meeting. Shareholders voting in such meeting will be subject to the restrictions provided in the Companies Law as described above.

### C. Material Contracts

We have not entered into any material contract within the two years prior to the date of this Annual Report on Form 20-F, other than contracts entered into in the ordinary course of business, contracts entered into in connection with the Merger and related private placements, as described in Forms 6-K filed with the SEC, or as otherwise described herein in (i) "Item 4. Information on the Company—A. History and Development of the Company" above, (ii) "Item 4. Information on the Company—B. Business Overview" above, (iii) "Item 6. Directors, Senior Management and Employees" above, (iv) "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders" above, (v) "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" above, and (vi) "Item 18. Financial Statements" below.

### D. Exchange Controls

There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our ordinary shares or the proceeds from the sale of the shares, except, under certain circumstances, for shareholders who are subjects of countries that are, or have been, in a state of war with Israel. Israeli residents have an obligation to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The ownership or voting of our ordinary shares by non-residents of Israel, except with respect to citizens of countries that are in a state of war with Israel, is not restricted in any way by our memorandum of association or amended and restated articles of association or by the laws of the State of Israel.

### E. Taxation.

*The following description is not intended to constitute a complete analysis of all tax consequences relating to the ownership or disposition of our ordinary shares or ADSs or warrants (all referred to in this section as "the Shares"). You should consult your own tax advisor* concerning *the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign, including Israeli, or other taxing jurisdiction.*

**Israeli Tax Considerations**

The following is a summary of the material tax consequences under Israeli law concerning the purchase, ownership and disposition of our Shares.

This discussion does not purport to constitute a complete analysis of all potential tax consequences applicable to investors upon purchasing, owning or disposing of our Shares. In particular, this discussion does not take into account the specific circumstances of any particular investor (such as tax-exempt entities, financial institutions, certain financial companies, broker-dealers, investors that own, directly or indirectly, 10% or more of our outstanding voting rights, all of whom are subject to special tax regimes not covered under this discussion). To the extent that issues discussed herein are based on legislation that has yet to be subject to judicial or administrative interpretation, there can be no assurance that the views expressed herein will accord with any such interpretation in the future.

You are urged to consult your own tax advisors as to the Israeli or other tax consequences of the purchase, ownership, and disposition of the Shares, including, in particular, the effect of any foreign, state or local taxes.

***General Corporate Tax Structure in Israel***

Israeli companies are generally subject to corporate tax on their taxable income at the rate of 23% for the 2022 tax year.

***Taxation of Shareholders***

***Capital Gains***

Capital gains tax is imposed on the disposition of capital assets by an Israeli resident and on the disposition of such assets by a non-Israeli resident if those assets are either (i) located in Israel; (ii) are shares or a right to a share in an Israeli company, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless an exemption is available or unless an applicable double tax treaty between Israel and the seller's country of residence provides otherwise. The Israeli Income Tax Ordinance distinguishes between "Real Gain" and the "Inflationary Surplus". "Real Gain" is the excess of the total capital gain over Inflationary Surplus generally computed on the basis of the increase in the Israeli Consumer Price Index between the date of purchase and the date of disposition. Inflationary Surplus is not subject to tax.

Taxable capital gain accrued by individuals on the sale of the Shares are taxed at the rate of 25%. However, if the individual shareholder is a "Substantial Shareholder" at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30%. In this regard, broadly, a "Substantial Shareholder" is considered to be a person who alone, or together with his relative or another person who collaborates with him on a regular basis, holds, directly or indirectly, at least 10% of any our means of control. In this context "means of control" generally includes the right to vote, receive profits, nominate a director or an officer, receive assets upon liquidation, or instruct someone who holds any of these rights regarding the manner in which he or she is to exercise such right(s), and all regardless of the source of such rights).

The term "Israeli resident" is generally defined under Israeli tax legislation with respect to individuals as a person whose center of life is in Israel. The Ordinance provides that in order to determine the center of life of an individual, account will be taken of the individual's family, economic and social connections, including: (a) place of permanent home; (b) place of residential dwelling of the individual and the individual's immediate family; (c) place of the individual's regular or permanent occupation or the place of his permanent employment; (d) place of the individual's active and substantial economic interests; and I place of the individual's activities in organizations, associations and other institutions. The center of life of an individual will be presumed to be in Israel if: (a) the individual was present in Israel for 183 days or more in the tax year; or (b) the individual was present in Israel for 30 days or more in the tax year, and the total period of the individual's presence in Israel in that tax year and the two previous tax years is 425 days or more. The presumption in this paragraph may be rebutted either by the individual or by the assessing officer.

Capital gains derived by corporations are subject to tax at the same rate as the corporate tax rate. Under Israeli tax legislation, a corporation will be considered as an "Israeli Resident" if it meets one of the following criteria: (a) it was incorporated in Israel; or (b) the control and management of its business are exercised in Israel.

Despite the above, capital gains generated from the sale of our Shares by a non-Israeli shareholder may be exempt from Israeli tax under the Israeli Income Tax Ordinance provided that the following cumulative conditions are met: (i) the Shares were purchased by the selling shareholder upon or after the registration of the Shares on the non-Israeli stock exchange (on July 29, 2016) and (ii) the selling shareholder does not have a permanent establishment in Israel to which the generated capital gain is attributed. However, a seller of our Shares that is a non-Israeli resident corporation will not be entitled to this exemption if Israeli residents: (i) hold a 25% or more interest in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the income or profits of such non-Israeli corporation, whether directly or indirectly. In addition, this exemption would not be available to a person whose gains from selling or otherwise disposing of our Shares are deemed to be business income.

Likewise, capital gains generated from the sale of our Shares by a non-Israeli shareholder who purchased the Shares before the registration of the Shares on the non-Israeli stock exchange may also be exempt from Israeli tax under the Israeli Income Tax Ordinance provided that the following cumulative conditions are met: (i) the Shares were purchased on January 1, 2009 or afterwards; (ii) the Shares were not purchased from a related party (as defined for this purpose) and

were not purchased as part of an exempted reorganization for Israeli tax purposes; (iii) the Shares are not registered for trade on an Israeli stock exchange at the date of the sale; and (iv) on the day of the purchase of the Shares and in the two years preceding its sale – the bulk of the value of the assets held by the Israeli company, directly or indirectly, are not rights in, or attached or related to, or in connection with the use of or proceeds from, immovable property or natural resources in Israel.

In addition, the sale of the Shares may be also exempt from Israeli capital gains tax under the provisions of an applicable double tax treaty. For example, the Convention Between the Government of the United States of America and the Government of the State of Israel with Respect to Taxes on Income, (the "U.S.-Israel Double Tax Treaty"), should exempt a U.S. resident from Israeli capital gain tax in connection with the sale of our Shares, provided that: (i) the U.S. resident owned, directly or indirectly, less than 10% of our voting power at any time within the 12-month period preceding such sale; (ii) the U.S. resident, being an individual, is present in Israel for a period or periods of less than 183 days during the taxable year; and (iii) the capital gain from the sale was not derived through a permanent establishment of the U.S. resident in Israel. A U.S. resident not exempt from Israeli capital gains tax may be limited under U.S. law in its ability to claim a credit for such taxes against the U.S. federal income tax imposed with respect to such sale, exchange or disposition even if such U.S. resident is eligible for benefits under the U.S.-Israel Double Tax Treaty. The U.S.-Israel Double Tax Treaty does not relate to U.S. state or local taxes.

There may be some other circumstances in which exemptions (or partial exemptions) may apply, so that any non-Israeli shareholder who does not meet the aforementioned exemption criteria (whether under the Israeli internal tax law or the relevant tax treaty) should consult their own tax advisors.

Payers of consideration for the purchase of our Shares, including the actual purchaser, the Israeli stockbroker or the financial institution through which the Shares are held, may be obligated to withhold tax upon the sale of Shares at a rate of 25% (for individuals) or 23% (for corporations) of the consideration. However, where the seller of our Shares is a non-Israeli resident, there is usually an exemption from such withholding duty (based on a declaration of tax status to be provided by the seller).

Upon the sale of traded securities, a detailed return, including a computation of the tax due, must be filed and an advance payment must be paid to the Israeli Tax Authority on January 31 and July 31 of every tax year in respect of sales of traded securities made within the previous six months. This will apply to the sale of our Shares. However, if all tax due was withheld at source according to applicable provisions of the Israeli Income Tax Ordinance and regulations promulgated thereunder, such return need not be filed, and no advance payment must be paid. Capital gains are also reportable on annual income tax returns.

***Dividends***

Dividends distributed by an Israeli company to a shareholder who is an Israeli resident individual will generally be subject to income tax at a rate of 25%. However, a 30% tax rate will apply if the dividend recipient is a Substantial Shareholder, as defined above, at the time of distribution or at any time during the preceding 12-month period. If the recipient of the dividend is an Israeli resident corporation, dividends will generally be exempted from Israeli income tax provided that the income from which such dividend is distributed was derived or accrued within Israel.

Dividends distributed by an Israeli company to a non-Israeli resident (either an individual or a corporation) are generally subject to Israeli withholding tax at the rate of 25% (30% if the dividend recipient is a Substantial Shareholder at the time of distribution or at any time during the preceding 12-month period). These rates may be reduced under the provisions of an applicable double tax treaty. For example, under the U.S.-Israel Double Tax Treaty, the following tax rates will apply in respect of dividends distributed by an Israeli resident company to a U.S. resident: (i) if the U.S. resident is a corporation that holds during that portion of the taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any), at least 10% of the outstanding shares of the voting stock of the Israeli company paying the dividend and not more than 25% of the gross income of such Israeli company for such prior taxable year (if any) consists of certain types of interest or dividends the tax rate is 12.5%; (ii) if both the conditions mentioned in clause (i) above are met and the dividend is paid from an Israeli resident company’s income which was entitled to a reduced tax rate under The Law for the Encouragement of Capital Investments, 1959, the tax rate is 15%; and (iii) in most other cases,

the tax rate is 25%. The aforementioned lower rates under the U.S.-Israel Double Tax Treaty will not apply if the dividend income is attributed to a permanent establishment of the U.S. resident in Israel.

***Surtax***

Individual holders who are subject to tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) and who have taxable income that exceeds a certain threshold in a tax year ((NIS 663,240 for 2022, linked to the Israeli Consumer Price Index) will be subject to an additional tax at the rate of 3% on his or her taxable income for such tax year that is in excess of such amount. For this purpose, taxable income includes taxable capital gains from the sale of securities and taxable income from interest and dividends, subject to the provisions of an applicable double tax treaty.

***Estate and Gift Tax***

Israel does not currently impose estate or gift taxes if the Israeli Tax Authority is satisfied that the gift was made by an Israeli resident individual in good faith and on condition that the recipient of the gift is not a non-Israeli resident. If the gift giver is a non-Israeli resident individual, then he should be exempted under the aforementioned capital gains tax exemptions provided for a regular sale of shares.

**YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING THE PARTICULAR ISRAELI TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR SHARES, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.**

**U.S. Federal Income Tax Considerations**

THE FOLLOWING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION AND IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE. EACH HOLDER SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISOR AS TO THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND SALE OF ORDINARY SHARES, AMERICAN DEPOSITORY SHARES AND WARRANTS, INCLUDING THE EFFECTS OF APPLICABLE STATE, LOCAL, FOREIGN OR OTHER TAX LAWS AND POSSIBLE CHANGES IN THE TAX LAWS.

Subject to the limitations described in the next paragraph, the following discussion summarizes the material U.S. federal income tax consequences to a “U.S. Holder” arising from the purchase, ownership and disposition of the ordinary shares, ADSs and warrants. For this purpose, a “U.S. Holder” is a beneficial owner of ordinary shares or ADSs or warrants that is: (1) an individual citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the substantial presence residency test under U.S. federal income tax laws; (2) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state therein, or the District of Columbia; (3) an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of source; (4) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust; and (5) a trust that has a valid election in effect to be treated as a U.S. person to the extent provided in U.S. Treasury regulations. A “non-U.S. Holder” is a beneficial owner of ordinary shares or ADSs or warrants that is not a U.S. Holder.

This summary is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations that may be relevant to a decision to purchase our ordinary shares or ADSs or warrants. This summary generally considers only U.S. Holders that will own our ordinary shares or ADSs or warrants as capital assets (generally, property held for investment). Except to the limited extent discussed below, this summary does not consider the U.S. federal tax consequences to a person that is a non-U.S. Holder, nor does it describe the rules applicable to determine a taxpayer’s status as a U.S. Holder. This summary is based on the provisions of the Code, final, temporary and proposed U.S. Treasury regulations promulgated thereunder, administrative and judicial interpretations thereof, and the U.S./Israel Double Tax Treaty, all as in effect as of the date hereof and all of which are subject to change, possibly on a retroactive basis, and all of which are open to differing interpretations. We will not seek a ruling from the Internal Revenue Service, or IRS, with regard to the U.S. federal income tax treatment of an investment

in our ordinary shares or ADSs or warrants and, therefore, can provide no assurances that the IRS will agree with the conclusions set forth below.

This discussion does not address all of the tax considerations that may be relevant to a particular U.S. Holder based on such holder's particular circumstances, or to U.S. Holders that are subject to special treatment under U.S. federal income tax law, including: (1) banks, life insurance companies, regulated investment companies, or other financial institutions or "financial services entities"; (2) brokers or dealers in securities or foreign currency; (3) persons who acquired our ordinary shares or ADSs or warrants in connection with employment or other performance of services; (4) U.S. Holders that are subject to the U.S. alternative minimum tax; (5) U.S. Holders that hold our ordinary shares or ADSs or warrants as a hedge or as part of a hedging, straddle, conversion or constructive sale transaction or other risk-reduction transaction for U.S. federal income tax purposes; (6) tax-exempt entities; (7) real estate investment trusts; (8) U.S. Holders that expatriate out of the United States or former long-term residents of the United States; or (9) U.S. Holders having a functional currency other than the U.S. dollar. This discussion does not address the U.S. federal income tax treatment of a U.S. Holder that owns, directly, indirectly or constructively, at any time, ordinary shares or ADSs or warrants representing 10% or more of our voting power or value. This discussion also does not address any U.S. state or local or non-U.S. tax considerations, any U.S. federal estate, gift, generation-skipping, transfer, or alternative minimum tax considerations, or any U.S. federal tax consequences other than U.S. federal income tax consequences.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our ordinary shares or ADSs or warrants, the tax treatment of such entity or arrangement treated as a partnership and each person treated as a partner thereof generally will depend upon the status and activities of the entity and such person. A holder that is treated as a partnership for U.S. federal income tax purposes and partners thereof should consult their own tax advisors regarding the U.S. federal income tax considerations applicable to the purchase, ownership and disposition of our ordinary shares or ADSs or warrants.

Each prospective investor is advised to consult his or her own tax adviser for the specific tax consequences to that investor of purchasing, holding or disposing of our ordinary shares or ADSs or warrants, including the effects of applicable state, local, foreign or other tax laws and possible changes in the tax laws.

***U.S. Tax Status of the Company***

Although the Company is incorporated under Israeli law, as a result of the consummation of the Merger, the Company should be treated, pursuant to Section 7874 of the Code, as a U.S. corporation for all purposes under the Code. As a result, since the Company is and will be treated as a U.S. corporation for U.S. federal income tax purposes and, we do not intend to treat the Company as a "passive foreign investment company," as such rules apply only to non-U.S. corporations that are treated as such for U.S. federal income tax purposes. Since the Company is a taxable corporation in Israel, it would likely be subject to income taxation in both the United States and Israel on the same income, which could reduce the amount of income available for distribution to shareholders. The ability of the Company to take foreign tax credits against its U.S. tax liability in respect of taxes paid in Israel may be limited.

The remainder of this discussion assumes that the Company is treated as a U.S. corporation for all U.S. federal income tax purposes. If, for some reason (e.g., future repeal of Section 7874 of the Code), we were no longer treated as a U.S. corporation under the Code, the U.S. federal income tax consequences described herein could be materially and adversely affected.

***Taxation of Dividends Paid on Ordinary Shares or ADSs***

We do not intend to pay dividends in the foreseeable future. In the event that we do pay dividends, a U.S. Holder will be required to include in gross income as ordinary income the amount of any distribution paid on ordinary shares or ADSs (including the amount of any Israeli tax withheld on the date of the distribution), to the extent that such distribution does not exceed our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. The amount of a distribution which exceeds our current and accumulated earnings and profits will be treated first as a non-taxable return of capital, reducing the U.S. Holder's tax basis for the ordinary shares or ADSs to the extent thereof, and then as capital gain. Corporate holders generally will not be allowed a deduction for dividends received.

In general, preferential tax rates for "qualified dividend income" and long-term capital gains are applicable for U.S. Holders that are individuals, estates or trusts. For this purpose, "qualified dividend income" means, inter alia, dividends received from a "domestic corporation.".

As indicated above, we believe we should be treated as a domestic corporation and our dividends will therefore be qualified dividend income. A U.S. Holder will not be entitled to the preferential rate: (1) if the U.S. Holder has not held our ordinary shares or ADSs for at least 61 days of the 121-day period beginning on the date which is 60 days before the ex-dividend date, or (2) to the extent the U.S. Holder is under an obligation to make related payments on substantially similar property. Any days during which the U.S. Holder has diminished its risk of loss on our ordinary shares or ADSs are not counted towards meeting the 61-day holding period. Finally, U.S. Holders who elect to treat the dividend income as "investment income" pursuant to Code section 163(d)(4) will not be eligible for the preferential rate of taxation.

The amount of a distribution with respect to our ordinary shares or ADSs will be measured by the amount of the fair market value of any property distributed, and for U.S. federal income tax purposes, the amount of any Israeli taxes withheld therefrom. Cash distributions paid by us in NIS will be included in the income of U.S. Holders at a U.S. dollar amount based upon the spot rate of exchange in effect on the date the dividend is includible in the income of the U.S. Holder, and U.S. Holders will have a tax basis in such NIS for U.S. federal income tax purposes equal to such U.S. dollar value. If the U.S. Holder subsequently converts the NIS into U.S. dollars or otherwise disposes of it, any subsequent gain or loss in respect of such NIS arising from exchange rate fluctuations will be U.S. source ordinary exchange gain or loss.

U.S. Holders' eligibility to claim a foreign tax credit with respect to any Israeli withholding tax imposed on dividends paid by us may be limited. The foreign tax credit rules are complex, and their application in connection with Section 7874 of the Code in the presence of the U.S.-Israel Double Tax Treaty, are not entirely clear at this time. U.S. Holders should consult their own tax advisors with respect to any benefits they may be entitled to under the foreign tax credit rules and the U.S.-Israel Double Tax Treaty. and to determine whether, and to what extent, they are entitled to such credits.

***Taxation of the Disposition of Ordinary Shares or ADSs or Warrants***

Upon the sale, exchange or other taxable disposition of our ordinary shares or ADSs or warrants, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between such U.S. Holder's tax basis for the ordinary shares or ADSs or warrants in U.S. dollars and the amount realized on the disposition in U.S. dollars (or its U.S. dollar equivalent determined by reference to the spot rate of exchange on the date of disposition, if the amount realized is denominated in a foreign currency). The gain or loss realized on the sale, exchange or other disposition of ordinary shares or ADSs or warrants will be long-term capital gain or loss if the U.S. Holder has a holding period of more than one year at the time of the disposition. U.S. Holders should consult their own tax advisors regarding the U.S. federal income tax consequences of receiving currency other than U.S. dollars upon the disposition of their ordinary shares.

Gain realized by a U.S. Holder on a sale, exchange or other disposition of ordinary shares or ADSs or warrants will generally be treated as U.S. source income for U.S. foreign tax credit purposes. A loss realized by a U.S. Holder on the sale, exchange or other disposition of ordinary shares or ADSs or warrants is generally allocated to U.S. source income. The deductibility of a loss realized on the sale, exchange or other disposition of ordinary shares or ADSs or warrants is subject to limitations.

A U.S. Holder's eligibility to claim a foreign tax credit with respect to any Israeli withholding tax imposed on gain from the sale or other disposition of our ordinary shares or ADSs or warrants may be limited. The foreign tax credit rules are complex, and their application in connection with Section 7874 of the Code in the presence of the U.S.-Israel Double Tax Treaty are not entirely clear at this time. U.S. Holders should consult their own tax advisors with respect to any benefits they may be entitled to under the foreign tax credit rules and the U.S.-Israel Double Tax Treaty.

***Exercise or Lapse of a Warrant***

A U.S. Holder generally will not recognize gain or loss upon the exercise of a warrant for cash. An ordinary share or ADS acquired pursuant to the exercise of a warrant for cash generally will have a tax basis equal to the U.S. Holder's tax basis in the warrant, increased by the amount paid to exercise the warrant. Subject to the discussion under the heading "Passive

Foreign Investment Companies" below, the holding period of such share or ADS generally begins on the day after the date of exercise of the warrant and will not include the period during which the U.S. Holder held the warrant. If a warrant is allowed to lapse unexercised, a U.S. Holder generally will recognize a capital loss equal to such holder's tax basis in the warrant. U.S. Holders should consult their own tax advisors regarding the U.S. federal income tax consequences of the exercise of a warrant, including with respect to whether the exercise is a taxable event, and their holding period and tax basis in the ordinary shares or ADSs received.

***Tax on Investment Income***

U.S. Holders who are individuals, estates or trusts will generally be required to pay a 3.8% Medicare tax on their net investment income (including dividends on and gains from the sale or other disposition of our ordinary shares and ADSs or warrants), or in the case of estates and trusts on their net investment income that is not distributed. In each case, the 3.8% Medicare tax applies only to the extent the U.S. Holder's total adjusted income exceeds applicable thresholds.

***Tax Consequences for Non-U.S. Holders of Ordinary Shares or ADSs or Warrants***

***Taxation of Dividends Paid on Ordinary Shares or ADSs***

In general, any distributions we make to a non-U.S. Holder on ordinary shares or ADSs, to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles), will constitute dividends for U.S. federal income tax purposes and, provided such dividends are not effectively connected with the non-U.S. Holder's conduct of a trade or business within the United States, we will be required to withhold tax from the gross amount of the dividend at a rate of 30%, unless such non-U.S. Holder is eligible for a reduced rate of withholding tax under an applicable income tax treaty and provides proper certification of its eligibility for such reduced rate (usually on an IRS Form W-8BEN or W-8BEN-E, as applicable). Any distribution on our ordinary shares or ADSs not constituting a dividend for U.S. federal income tax purposes will be treated first as reducing (but not below zero) the non-U.S. Holder's adjusted tax basis in its shares of such stock and, to the extent such distribution exceeds the non-U.S. Holder's adjusted tax basis in such stock, as gain realized from the sale or other disposition of such stock, which will be treated as described under "Gain on Sale, Exchange or Other Taxable Disposition of Ordinary Shares, ADSs, and Warrants" below. The full amount of any distributions to you may, however, be subject to U.S. withholding tax unless the applicable withholding agent elects to withhold a lesser amount based on a reasonable estimate of the amount of the distribution that would be treated as a dividend for U.S. federal income tax purposes. In addition, if we determine that we are classified as a "United States real property holding corporation" (see "Gain on Sale, Exchange or Other Taxable Disposition of Ordinary Shares, ADSs, and Warrants" below), we will withhold 15% of any distribution that exceeds our current and accumulated earnings and profits.

Dividends we pay to a non-U.S. Holder that are effectively connected with such non-U.S. Holder's conduct of a trade or business within the United States (and if a tax treaty applies are attributable to a U.S. permanent establishment or fixed base maintained by the non-U.S. Holder) will generally not be subject to U.S. withholding tax, provided such non-U.S. Holder complies with certain certification and disclosure requirements (usually by providing an IRS Form W-8ECI). Instead, such dividends will generally be subject to U.S. federal income tax, net of certain deductions, at the same graduated individual or corporate rates applicable to U.S. Holders. If the non-U.S. Holder is a corporation, dividends that are effectively connected income may also be subject to a "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

***Exercise or Lapse of a Warrant***

The U.S. federal income tax treatment of a non-U.S. Holder's exercise of a warrant or the lapse of a warrant held by a non-U.S. Holder generally will correspond to the U.S. federal income tax treatment of the exercise or lapse of a warrant by a U.S. Holder, as described under "Exercise of a Warrant" above. Accordingly, a non-U.S. Holder generally will not be subject to U.S. federal income tax on the exercise of a warrant in exchange for ordinary shares or ADSs. However, if a cashless exercise of warrants results in a taxable exchange, as described above in "Exercise of a Warrant" above," the rules described below under "— Gain on Sale, Exchange or Other Taxable Disposition of Ordinary Shares, ADSs, and Warrants" would apply.

***Gain on Sale, Exchange or Other Taxable Disposition of Ordinary Shares, ADSs, and Warrants***

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on the proceeds from the disposition of, our ordinary shares or ADSs or warrants, unless:

- the gain is effectively connected with the conduct of a trade or business by the non-U.S. Holder within the United States (and, if an applicable tax treaty so requires, is attributable to a U.S. permanent establishment or fixed base maintained by the non-U.S. Holder);

- the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or

- we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the non-U.S. Holder held our ordinary shares or ADSs, and, in the case where our ordinary shares or ADSs are regularly traded on an established securities market, the non-U.S. Holder has owned, directly or constructively, more than 5% of our regularly-traded stock at any time within the shorter of the five-year period preceding the disposition or such non-U.S. Holder's holding period for the stock disposed of by the non-U.S. holder. There can be no assurance that our ordinary shares or ADSs will be treated as regularly traded on an established securities market for this purpose.

Gain described in the first bullet point above will be subject to tax at generally applicable U.S. federal income tax rates. Any gains described in the first bullet point above of a non-U.S. Holder that is a foreign corporation may also be subject to an additional "branch profits tax" at a 30% rate (or lower applicable treaty rate). Gain described in the second bullet point above will generally be subject to a flat 30% U.S. federal income tax, although the gain may be offset by some United States source capital losses realized during the same taxable year. Non-U.S. Holders are urged to consult their tax advisors regarding possible eligibility for benefits under income tax treaties.

If the third bullet point above applies to a non-U.S. Holder, gain recognized by such holder on the sale, exchange or other disposition of our ordinary shares, ADSs, or warrants will be subject to tax at generally applicable U.S. federal income tax rates. In addition, a buyer of our ordinary shares, ADSs, or warrants from such holder may be required to withhold U.S. income tax at a rate of 15% of the amount realized upon such disposition. We will be classified as a United States real property holding corporation if the fair market value of our "United States real property interests" equals or exceeds 50% of the sum of the fair market value of our worldwide real property interests plus our other assets used or held for use in a trade or business, as determined for U.S. federal income tax purposes. Non-U.S. Holders are urged to consult their own tax advisors regarding the application of these rules.

***Information Reporting and Withholding***

A U.S. Holder may be subject to backup withholding at a rate of 24% with respect to dividends and proceeds from a disposition of ordinary shares or ADSs or warrants. In general, backup withholding will apply only if a U.S. Holder fails to comply with specified identification procedures. Backup withholding will not apply with respect to payments made to designated exempt recipients, such as corporations and tax-exempt organizations.

In general, non-U.S. Holders will not be subject to backup withholding with respect to the payment of dividends and proceeds from a disposition of ordinary shares or ADSs or warrants, provided that the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person, and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any payments of dividends on our ordinary shares or ADSs paid to the non-U.S. holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our ordinary shares or ADSs or warrants within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds

of a disposition of our ordinary shares or ADSs or warrants conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Backup withholding is not an additional tax and may be claimed as a credit against the U.S. federal income tax liability of a holder, provided that the required information is timely furnished to the IRS.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

**H. Documents on Display**

We are subject to certain information reporting requirements of the Exchange Act, applicable to foreign private issuers and under those requirements will file reports with the SEC. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We maintain a corporate website www.quoinpharma.com. Information contained on, or that can be accessed through, our website and the other websites referenced above do not constitute a part of this Annual Report on Form 20-F. We have included these website addresses in this Annual Report on Form 20-F solely as inactive textual references.

As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file quarterly and current reports with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an Annual Report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and may submit to the SEC, on a Form 6-K, unaudited quarterly financial information.

**I. Subsidiary Information.**

Not applicable.

## ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial market prices and rates, including interest rates and foreign exchange rates, of financial instruments. However, our exposure to market risk for changes in interest rates is not significant as we have no outstanding interest-bearing debt instruments, and we do not hold any interest-generating securities. See “Item 5.B–Liquidity and Capital Resources” above.

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

**A. Debt Securities.**

Not applicable.

**B. Warrants and Rights.**

Not applicable.

**C. Other Securities.**

Not applicable.

**D. American Depositary Shares**

**Fees and Expenses**

| *Persons depositing or withdrawing ordinary shares or ADS holders must pay:* | *For:* |
|---|---|
| $5.00 (or less) per 400 ADSs (or portion of 400 ADSs) | Issuance of ADSs, including issuances resulting from a distribution of ordinary shares or rights or other property |
| | Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates |
| $.05 (or less) per ADS | Any cash distribution to ADS holders |
| A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs | Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders |
| $.05 (or less) per ADS per calendar year | Depositary services |
| Registration or transfer fees | Transfer and registration of ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw ordinary shares |
| Expenses of the depositary | Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); converting foreign currency to U.S. dollars |
| Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or ordinary shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes | As necessary |
| Any charges incurred by the depositary or its agents for servicing the deposited securities | As necessary |

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the

depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

See Notes 4 and 17 to Consolidated Financial Statements included elsewhere in this annual report on Form 20-F.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A. There are no material modifications to the rights of security holders.

B. – E. Not applicable

### ITEM 15. CONTROLS AND PROCEDURES

#### A. Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2021, or the "Evaluation Date." Based on such evaluation, those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be included in periodic filings under the Exchange Act and that such information is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

#### B. Management's Annual Report on Internal Control over Financial Reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and asset dispositions;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of our financial statements in accordance with generally accepted accounting principles;
- provide reasonable assurance that receipts and expenditures are made only in accordance with authorizations of our management and board of directors (as appropriate); and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Due to its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2021, based on the framework for Internal Control-Integrated Framework set forth by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013).

Based on our assessment and this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

**C. Attestation Report of the Registered Public Accounting Firm**

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting because Quoin Ltd. is not an accelerated filer or a large accelerated filer.

**D. Changes in Internal Control over Financial Reporting**

During the year ended December 31, 2021, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 16. [Reserved]**

**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has determined that each of the following three members of our audit committee, James Culverwell, Joseph Cooper and Natalie Leong, is an audit committee financial expert, as defined in the rules promulgated under the Exchange Act, and is independent in accordance with applicable Exchange Act rules and the Nasdaq rules.

**ITEM 16B. CODE OF ETHICS**

Our board of directors has ratified the adoption of a Code of Ethics, which became effective upon the closing of the Merger. It is applicable to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions, which is a "code of ethics" as defined in Item 16B of Form 20-F promulgated by the SEC. The full text of the Code of Ethics is posted on our website at www.quoinpharma.com. Information contained on, or that can be accessed through, our website does not constitute a part of this a part of this Annual Report on Form 20-F and is not incorporated by reference herein.

If we make any amendment to the Code of Ethics or grant any waivers, including any implicit waiver, from a provision of the Code of Ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. We have not granted any waivers under our Code of Business Conduct and Ethics.

**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The Company's shareholders appointed Deloitte, Brightman Almagor Zohar, as the Company's independent registered public accounting firm for the year ended December 31,2020. The Company's shareholders appointed Friedman LLP as the Company's independent registered public accounting firm for the year ended December 31, 2021.

The following table provides information regarding fees paid by us to Friedman LLP and Deloitte, Brightman Almagor Zohar for all services, including audit services, for the years ended December 31, 2021 and 2020, as applicable:

| (in thousands) | 2021 | 2020 |
|---|---|---|
| **Audit fees** [1] | $ 229 | $ 120 |
| **Audit-related fees** | $ 5 | — |
| **Tax fees** [2] | $ 18 | $ 15 |
| **All other fees** | $ — | — |
| Total | $ 252 | $ 135 |

(1) Includes professional services rendered in connection with the audit of our annual financial statements and the review of our interim financial statements.

(2) Includes professional fees related to tax returns.

***Pre-Approval of Auditors' Compensation***

Our audit committee has a pre-approval policy for the engagement of our independent registered public accounting firm to perform certain audit and non-audit services. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the audit committee pre-approves annually a catalog of specific audit and non-audit services in the categories of audit services, audit-related services and tax services that may be performed by our independent registered public accounting firm. If a type of service, that is to be provided by our auditors, has not received such general pre-approval, it will require specific pre-approval by our audit committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in applicable SEC rules.

## ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

## ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

## ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

In connection with the closing of the Merger, Brightman Almagor Zohar & Co., a Firm in the Deloitte Global Network ("Deloitte Israel") and the Company came to a mutual understanding that Deloitte Israel will not continue to serve in its position as external auditor of the Company. On March 4, 2022, the Audit Committee recommended the appointment of Friedman LLP ("Friedman") as the Company's new independent registered public accounting firm, and on March 6, 2022 our board of directors recommended the approval of such appointment by the shareholders, which appointment was obtained at our 2022 AGM held on April 12, 2022, effective as of that date. As described below, the change in independent registered public accounting firm is not the result of any disagreement with Deloitte Israel.

On March 29, 2021, the audit report of Deloitte Israel on the financial statements of the Company, as of and for the years ended December 31, 2020 and December 31, 2019, did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles, except for an explanatory paragraph regarding the Company's ability to continue as a going concern. As discussed in Note 1b to the financial statements, the Company had an accumulated deficit of NIS 118,941 at December 31, 2020 and incurred a net loss of NIS 18,077 and negative cash flows from operating activities of NIS 15,486 during the year then ended. In addition, the Company had not yet generated revenues from its operations and was dependent on external sources for financing its operations. These conditions raised substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters were also described in Note 1b. The financial statements did not include any adjustments that might result from the outcome of this uncertainty.

During the years ended December 31, 2020 and 2019 and through the subsequent interim period preceding the expiry of Deloitte Israel's engagement as external auditor, there were: (i) no disagreements with Deloitte Israel on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to Deloitte Israel's satisfaction would have caused it to make reference thereto in connection with its reports on the financial statements for such years, and (ii) no reportable events of the type described in Item 16F(a)(1)(v) of Form 20-F.

During the years ended December 31, 2020 and 2019 and through the subsequent interim period preceding Friedman's appointment as external auditor neither the Company nor anyone on its behalf consulted with Friedman with respect to any of (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on the Company's financial statements; or (iii) any matter that was either the subject

of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or an event of the type described in Item 16F(a)(1)(v) of Form 20-F.

The Company provided Deloitte Israel with a copy of the foregoing disclosure and requested Deloitte Israel to furnish the Company with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the statements made therein. A copy of such letter, dated April 13, 2022, furnished by Deloitte Israel is filed as Exhibit 16.1 to this Annual Report on Form 20-F.

## ITEM 16G. CORPORATE GOVERNANCE

The Sarbanes-Oxley Act, as well as related rules subsequently implemented by the SEC, require foreign private issuers, such as us, to comply with various corporate governance practices. In addition, we are required to comply with the Nasdaq Capital Market rules. Under those rules, we may elect to follow certain corporate governance practices permitted under the Companies Law in lieu of compliance with corresponding corporate governance requirements otherwise imposed by the Nasdaq Capital Market rules for U.S. domestic issuers.

In accordance with Israeli law and practice and subject to the exemption set forth in Rule 5615 of the Nasdaq Capital Market rules, we have elected to follow the provisions of the Companies Law, rather than the Nasdaq Capital Market rules, with respect to the following requirements:

*Distribution of certain reports to shareholders.* As opposed to the listing rules of the Nasdaq, which require listed issuers to make certain reports, such as annual reports, interim reports and quarterly reports, available to shareholders in one of a number of specific manners, Israeli law does not require us to distribute periodic reports directly to shareholders, and the generally accepted business practice in Israel is not to distribute such reports to shareholders, but to make such reports available through a public website. In addition to making such reports available on a public website, we plan to make our audited financial statements available to our shareholders at our offices and will only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules.

*Nomination of directors.* With the exception of our External Directors (should any be appointed) and directors elected by our board of directors due to vacancy, our directors are elected by an annual meeting of our shareholders to hold office until the next annual meeting following his or her election. See "*Board Practices – Board of Directors*." Upon the recommendation of our Nominating and Governance Committee, nominations for directors, which are presented to our shareholders by our board of directors, are generally made by the board of directors itself, in accordance with the provisions of our articles of association and the Companies Law.

*Composition of Compensation Committee and Audit Committee*. Pursuant to Regulation 5D, we have opted out from having to appoint External Directors to the Board, and have elected to satisfy Nasdaq rule requirements in lieu of the Companies Law requirements regarding the composition of our audit committee and compensation committee. If, at any point in time, we should cease to satisfy the conditions set out in Regulation 5D, including, among other things, if we should become aware that a person or persons have become a "controlling shareholder" of us (as that term is defined under the Companies Law: see "*Board Practices – Chairman of the Board*"), or should our board of directors adopt a resolution to cease to avail ourselves of Regulation 5D, we will then convene a general meeting of shareholders to elect External Directors to our board of directors as required under the Companies Law, and following such election, we will re-constitute the membership of our audit committee, compensation committee, and any other committees exercising a power of our board of directors (to the extent necessary and applicable), in the manner prescribed under the Companies Law and Nasdaq listing standards, as applicable. For more details on those requirements, see "*Board Practices – External Directors; Audit Committee; Compensation Committee and Compensation Policy*").

*Compensation of officers.* We follow the provisions of the Companies Law with respect to matters in connection with office holder compensation and any required approval by our shareholders of such compensation. Israeli law and our articles of association do not require that the independent members of our board of directors, determine an executive officer's compensation, as is generally required under the listing rules of the Nasdaq with respect to the Chief Executive Officer and all other executive officers of a company. Our compensation committee has been established and conducts itself in accordance with the provisions governing the responsibilities of a compensation committee as set forth in the

Companies Law. Compensation of our office holders is determined and approved by our compensation committee, and in general, by our board of directors as well, and in certain circumstances by our shareholders, as detailed below under the caption "— Shareholder Approval." Thus, we will seek shareholder approval for all corporate actions with respect to office holder compensation (including the compensation required to be approved for our Chief Executive Officer) requiring such approval under the requirements of the Companies Law, rather than seeking approval for such corporate actions in accordance with listing rules of the Nasdaq. See "*Board Practices — Compensation Committee and Compensation Policy*" below.

*Independent directors*. Israeli law does not require that a majority of the directors serving on our board of directors be "independent," as defined under the Nasdaq Capital Market Listing Rule 5605(a)(2). We are required, however, to ensure that all members of our audit committee are "independent" under the applicable the Nasdaq Capital Market criteria for independence, and we are required to ensure that applicable Nasdaq listing standards regarding the composition of our audit and compensation committees are satisfied in order to continue to avail ourselves of Regulation 5D as described above. Our board of directors has affirmatively determined that each of: Joseph Cooper, James Culverwell, Dr. Dennis H. Langer, Natalie Leong, and Michael Sember qualifies as "independent" under the Nasdaq Capital Market independence standards.

*Shareholder approval*. Generally, we will seek shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law, rather than seeking approval for corporate actions in accordance with the Nasdaq Capital Market Listing Rule 5635. In particular, under the Nasdaq Capital Market rule, shareholder approval is generally required for: (i) an acquisition of shares or assets of another company that involves the issuance of 20% or more of the acquirer's shares or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest in the target company or the consideration to be received; (ii) the issuance of shares leading to a change of control; and (iii) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (or via sales by directors, officers or 5% shareholders) if such equity is issued (or sold) at below the greater of the book or market value of shares. By contrast, under the Companies Law, shareholder approval is required for, among other things: (a) transactions with directors concerning the terms of their service or indemnification, exemption and insurance for their service (or for any other position that they may hold at a company), for which approvals of the compensation committee, board of directors and shareholders are all required, (b) extraordinary transactions with our controlling shareholders, if any, which require the special approval described under "Disclosure of personal interests of controlling shareholders and approval of certain transactions," (c) terms of office and employment or other engagement of our controlling shareholder, if any, or such controlling shareholder's relative, which require the special approval described under "Disclosure of personal interests of controlling shareholders and approval of certain transactions, (d) private placements in which a controlling shareholder has a personal interest, (e) approval of transactions with our Chief Executive Officer with respect to his or her compensation, whether or not in accordance with our compensation policy, or transactions with any of our office holders with respect to their compensation, if not in accordance with our compensation policy, (f) approval of our compensation policy, (g) approval of a merger, (h) approval of an increase in our authorized share capital, or any other amendment to our articles of association, and (i) the appointment or dismissal of our external auditors. In addition, certain forms of shareholder participation may be required in order to give effect to a acquisitions of our shares under certain circumstances (see *Acquisitions under Israeli Law: "Full Tender Offer" and "Special Tender Offer*").

*Quorum requirement.* As permitted under the Companies Law, pursuant to our articles of association, the quorum required for an ordinary meeting of shareholders consists of at least two shareholders present in person, by proxy or by voting instrument who hold or represent between them at least 25% of the voting power of our shares (and, with respect to an adjourned meeting, generally one or more shareholders who hold or represent any number of shares), instead of 33 1/3% of the issued share capital provided under Nasdaq Listing Rule 5260(c).

*Annual Shareholders Meeting.* We are not required to and, in reliance on home country practice, we do not intend to comply with Nasdaq Stock Market Rule 5620(a), which requires a listed company to hold its annual shareholders meeting within one year of the company's fiscal year-end. Under the Companies Law and our articles of association, we are required to hold an annual shareholders meeting on an annual basis, and no later than 15 months after the previous annual shareholders meeting.

Other than the foregoing home country practices, we otherwise comply with the rules generally applicable to U.S. domestic companies listed on The Nasdaq Capital Market. We may in the future decide to use the foreign private issuer exemption with respect to some or all of the other the Nasdaq Capital Market corporate governance rules. Following our home country corporate governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the Nasdaq Capital Market may provide less protection to you than what is accorded to investors under the listing rules of the Nasdaq applicable to domestic U.S. issuers.

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**ITEM 16I DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## PART III

### ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements and related information pursuant to Item 18.

### ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements and the related notes required by this Item are included in this Annual Report on Form 20-F beginning on page F-1.

### ITEM 19. EXHIBITS

| Exhibit No. | Exhibit Description |
|---|---|
| 1.1 | Amended and Restated Articles of Association of Quoin Pharmaceuticals Ltd., adopted on February 28, 2022 (incorporated by reference to Annex A included in Exhibit 99.1 to Form 6-K filed with the SEC on February 8, 2022) |
| 1.2 | Amendment to the Amended and Restated Articles of Association of Quoin Pharmaceuticals Ltd., adopted on April 12, 2022 (incorporated by reference to Annex A included in Exhibit 99.1 to Form 6-K filed with the SEC on March 8, 2022) |
| 2.1 | Form of Deposit Agreement between Cellect Biotechnology Ltd. (n/k/a Quoin Pharmaceuticals Ltd.), The Bank of New York Mellon as Depositary, and owners and holders from time to time of ADSs issued thereunder (incorporated by reference to Exhibit 4.1 to Registration Statement on Form F-1/A as filed with the SEC on July 26, 2016) |
| 2.2 | Specimen American Depositary Receipt (included in Exhibit 2.1) |
| 2.3 | Form of Primary Warrants for the Purchase Agreement (incorporated by reference to Exhibit B to Exhibit 10.4 to Form 6-K filed with the SEC on March 24, 2021) |
| 2.4 | Form of Exchange Warrant (incorporated by reference to Exhibit 99.1 to Form 6-K filed with the SEC on September 17, 2021) |
| 2.5* | Form of Series A Warrant |
| 2.6* | Form of Series B Warrant |
| 2.7* | Form of Series C Warrant |
| 2.8* | Description of Securities |
| 2.9 | Form of Warrant Agent Agreement between Cellect Biotechnology Ltd. and Computershare Inc., as warrant agent, including the form of Warrant (incorporated by reference to Exhibit 4.6 of the Registration Statement on Form F-1 filed with the SEC on February 7, 2019). |
| 4.1 | Compensation Policy for Executives and Directors of Quoin Pharmaceuticals Ltd, adopted on April 12, 2022 (incorporated by reference to Annex B included in Exhibit 99.1 to Form 6-K filed with the SEC on March 8, 2022) |
| 4.2 | Amended and Restated Equity Incentive Plan of Quoin Pharmaceuticals Ltd., effective as of April 12, 2022 (incorporated by reference to Annex C included in Exhibit 99.1 to Form 6-K filed with the SEC on March 8, 2022) |
| 4.3 | Form of Indemnification and Release Agreement, entered into by and between Quoin Pharmaceuticals Ltd. and each of the officers and directors of Quoin Pharmaceuticals Ltd. as of April 12, 2022 (incorporated by reference to Annex D included in Exhibit 99.1 to Form 6-K filed with the SEC on March 8, 2022) |
| 4.4 | Agreement and Plan of Merger and Reorganization, dated as of March 24, 2021, by and among Cellect Biotechnology Ltd., CellMSC, Inc. and Quoin Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.1 of the Form 6-K filed with the SEC on March 24, 2021). |
| 4.5 | Amendment made as of September 24, 2021, to the Agreement and Plan of Merger and Reorganization, dated as of March 24, 2021, by and among Cellect Biotechnology Ltd., CellMSC, Inc., and Quoin Pharmaceuticals, Inc. (incorporated by reference to Exhibit 99.2 to Form 6-K filed with the SEC on September 27, 2021) |

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| 4.6 | Amended and Restated Share Transfer Agreement, dated May 27, 2021 by and between Cellect Biotechnology Ltd. and EnCellX Inc. (incorporated by reference to Exhibit 2.2 to Registration Statement on Form F-4 filed with the SEC on June 16, 2021) |
| 4.7 | Amendment made as of September 26, 2021, to the Amended and Restated Share Transfer Agreement dated as of May 27, 2021, by and between EnCellX, Inc. and Cellect Biotechnology Ltd. (incorporated by reference to Exhibit 99.3 to Form 6-K filed with the SEC on September 27, 2021) |
| 4.8 | Securities Purchase Agreement, dated as of March 24, 2021, by and among Cellect Biotechnology Ltd., Quoin Pharmaceuticals, Inc. and the investors named on the Schedule of Buyers attached thereto (incorporated by reference to Exhibit 10.4 to Form 6-K filed with the SEC on March 24, 2021) |
| 4.9 | Securities Purchase Agreement, dated as of March 24, 2021, by and among Quoin Pharmaceuticals, Inc. and the investors listed on the Schedule of Buyers attached thereto (incorporated by reference to Exhibit 10.6 of the Form 6-K filed with the SEC on March 24, 2021) |
| 4.10 | Registration Rights Agreement, dated as of March 24, 2021, by and between Cellect Biotechnology Ltd. and the investors listed on the Schedule of Buyers attached thereto (incorporated by reference to Exhibit 10.5 to Form 6-K filed with the SEC on March 24, 2021) |
| 4.11 | Amendment Agreement, dated as of September 17, 2021, by and among Quoin Pharmaceuticals, Inc., Cellect Biotechnology Ltd., and Altium Growth Fund, L.P. (incorporated by reference to Exhibit 99.1 to Form 6-K filed with the SEC on September 17, 2021) |
| 4.12 | Letter Agreement, dated September 17, 2021, between Quoin Pharmaceuticals, Inc. and Cellect Biotechnology Ltd. (incorporated by reference to Exhibit 99.2 to Form 6-K filed with the SEC on September 17, 2021) |
| 4.13 | Second Amendment Agreement, dated as of March 13, 2022, by and among Quoin Pharmaceuticals, Inc., Quoin Pharmaceuticals Ltd., and Altium Growth Fund, L.P. (incorporated by reference to Exhibit 4.1 to Form 6-K filed with the SEC on March 28, 2022) |
| 4.14 | Letter of Agreement among Cellect Biotechnology Ltd, Dr. Shai Yarkoni and EnCellX, Inc. (incorporated by reference to Exhibit 2.5 to Registration Statement on Form F-4 filed with the SEC on July 16, 2021) |
| 4.15 | Form of Representative Agreement among Cellect Biotechnology Ltd, Eyal Leibovitz, as Representative, and EnCellX, Inc. (incorporated by reference to Exhibit 2.6 to Registration Statement on Form F-4 filed with the SEC on August 6, 2021) |
| 4.16 | Form of Contingent Value Rights Agreement, by and among Cellect Biotechnology Ltd., Eyal Leibovitz in the capacity of Representative and Computershare, Inc. in the capacity of Rights Agent (incorporated by reference to Exhibit 4.14 to Registration Statement on Form F-4 filed with the SEC on August 6, 2021) |
| 4.17 | Executive Employment Agreement, dated March 9, 2018, by and between Quoin Pharmaceuticals, Inc. and Dr. Michael Myers (incorporated by reference to Exhibit 10.1 to Form 6-K filed with the SEC on October 29, 2021) |
| 4.18 | Executive Employment Agreement, dated March 9, 2018, by and between Quoin Pharmaceuticals, Inc. and Denise Carter (incorporated by reference to Exhibit 10.2 to Form 6-K filed with the SEC on October 29, 2021) |
| 4.19 | Service Agreement, dated November 1, 2021, by and between Quoin Pharmaceuticals, Inc. and Gordon Dunn (incorporated by reference to Exhibit 10.1 to Form 6-K filed with the SEC on November 23, 2021) |
| 4.20 | Research Agreement, dated November 1, 2021, by and between Quoin Pharmaceuticals, Inc. and Queensland University of Technology (incorporated by reference to Exhibit 10.2 to Form 6-K filed with the SEC on November 23, 2021) |

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| 4.21 | License and Distribution Agreement, dated November 5, 2021, by and between Quoin Pharmaceuticals, Inc. and AFT Pharmaceuticals Ltd. (incorporated by reference to Exhibit 10.3 to Form 6-K filed with the SEC on November 23, 2021) |
| 4.22 | Supply Agreement, dated September 15, 2021, by and between Quoin Pharmaceuticals, Inc. and AFT Pharmaceuticals Ltd. (incorporated by reference to Exhibit 10.4 to Form 6-K filed with the SEC on November 23, 2021) |
| 4.23 | License and Distribution Agreement, dated November 7, 2021, by and between Quoin Pharmaceuticals, Inc. and GenPharm Services FZ LLC (incorporated by reference to Exhibit 10.5 to Form 6-K filed with the SEC on November 23, 2021) |
| 4.24 | Supply Agreement, dated November 7, 2021, by and between Quoin Pharmaceuticals, Inc. and GenPharm Services FZ LLC (incorporated by reference to Exhibit 10.6 to Form 6-K filed with the SEC on November 23, 2021) |
| 4.25 | Distribution Agreement, dated December 15, 2021, by and between Quoin Pharmaceuticals, Inc. and Orpharm LLC (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) (incorporated by reference to Exhibit 10.1 to Form 6-K filed with the SEC on December 20, 2021) |
| 4.26 | License and Distribution Agreement, dated as of January 24, 2022 between the Company and E-Log Logistica LTDA (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) (incorporated by reference to Exhibit 10.1 to Form 6-K filed with the SEC on January 31, 2022) |
| 4.27 | License and Distribution Agreement, dated as of February 1, 2022, by and between Quoin Pharmaceuticals Ltd. and Er-Kim İlaç Sanayi ve Ticaret A.Ş, and the First Amendment to the License and Distribution Agreement, dated as of February 17, 2022, by and between Quoin Pharmaceuticals, Inc. and Er-Kim İlaç Sanayi ve Ticaret A.Ş (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) (incorporated by reference to Exhibit 10.4 to Form 6-K filed with the SEC on March 8, 2022) |
| 4.28 | License and Distribution Agreement, dated as of February 11, 2022, by and between Quoin Pharmaceuticals Ltd. and Neopharm (Israel) 1996 Ltd. (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) (incorporated by reference to Exhibit 10.5 to Form 6-K filed with the SEC on March 8, 2022) |
| 4.29 | Supply Agreement, dated as of February 11, 2022, by and between Quoin Pharmaceuticals Ltd. and Neopharm (Israel) 1996 Ltd. (incorporated by reference to Exhibit 10.6 to Form 6-K filed with the SEC on March 8, 2022) |
| 4.30* | Exclusive License Agreement, dated October 17, 2019, by and between Quoin Pharmaceuticals, Inc. and Skinvisible Inc. |
| 4.31* | Exclusive License Agreement Renewal, dated May 8, 2020, by and between Quoin Pharmaceuticals, Inc. and Skinvisible Inc. |
| 4.32* | First Amendment to the Exclusive License Agreement, dated July 31, 2020, by and between Quoin Pharmaceuticals, Inc. and Skinvisible Inc. |
| 4.33* | Second Amendment to the Exclusive License Agreement, dated September 30, 2020, by and between Quoin Pharmaceuticals, Inc. and Skinvisible Inc. |
| 4.34* | Third Amendment to the Exclusive License Agreement, dated January 27, 2021, by and between Quoin Pharmaceuticals, Inc. and Skinvisible Inc. |
| 4.35* | Fourth Amendment to the Exclusive License Agreement, dated April 19, 2021, by and between Quoin Pharmaceuticals, Inc. and Skinvisible Inc. |
| 4.36* | Fifth Amendment to the Exclusive License Agreement, dated June 14, 2021, by and between Quoin Pharmaceuticals, Inc. and Skinvisible Inc. |
| 4.37* | Quotation – Tech Transfer and Clinical Manufacture for QRX003 Topical Lotion, dated April 8, 2021, by Ferndale Contract Manufacturing to Quoin Pharmaceuticals, Inc. (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) |

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|---|---|
| 4.38* | Development and Supply Agreement, dated January 13, 2021, by and between TopChem Pharmaceuticals Limited and Quoin Pharmaceuticals Limited (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) |
| 4.39* | Master Services Agreement, dated November 2, 2020, by and between Therapeutics, Inc. and Quoin Pharmaceuticals, Inc. |
| 4.40* | Term Sheet for Agreement, dated October 29, 2019, by and between Axella Research, LLC and Quoin Pharmaceuticals, Inc. (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) |
| 4.41* | Term Sheet for Agreement, dated January 11, 2020, by and between Axella Research, LLC and Quoin Pharmaceuticals, Inc. (re: QRX003) (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) |
| 4.42* | Term Sheet for Agreement, dated January 11, 2020, by and between Axella Research, LLC and Quoin Pharmaceuticals, Inc. (re: QRX004) (certain provisions of this exhibit have been omitted pursuant to Instruction No. 4 to Exhibits in Form 20-F) |
| 8.1* | Subsidiaries of Quoin Pharmaceuticals Ltd. |
| 11.1* | Code of Ethics of Quoin Pharmaceuticals Ltd. |
| 12.1* | Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934. |
| 12.2* | Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 |
| 13.1* | Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350 |
| 13.2* | Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350 |
| 15.1* | Consent of Friedman LLP, Certified Public Accountants |
| 16.1* | Consent of Brightman Almagor Zohar & Co., Certified Public Accountants (Isr.), a firm in the Deloitte Global Network |
| 101.1* | Information formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements. |

* Filed herewith

## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on Form 20-F filed on its behalf.

**QUOIN PHARMACEUTICALS LTD.**

By: /s/ Dr. Michael Myers

Dr. Michael Myers
Chief Executive Officer

Date: April 13, 2022

**QUOIN PHARMACEUTICALS LTD.**

**Contents**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Quoin Pharmaceuticals Ltd.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Quoin Pharmaceuticals Ltd. (the "Company") as of December 31, 2021 and 2020, the related statements of operations, and shareholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

*Assessment of the measurement of fair value of Warrants:*

As discussed in Notes 4 and 5 to the financial statements, the Company issued warrants in connection with the Convertible Notes Payable and the Bridge Financing. The warrants were initially classified as liabilities. The warrants estimated fair value upon their dates of issuance, as well as from those issuance dates to either the warrant exchange on October 28, 2021 or December 31, 2021, as applicable, was $12.8 million and recorded on the statement of operations as warrant liability expense. The Company utilizes a Monte Carlo simulation model to estimate the fair value.

We identified the assessment of the measurement of warrant fair value as a critical audit matter that is challenging due to the high degree of judgment, including the involvement of professionals with specialized skills and knowledge, as well as the complex valuation methodology that incorporates assumptions to estimate the fair value.

The primary procedures we performed to address this critical audit matter included evaluating the design of the internal control related to the Company's process to measure the fair value and testing the valuation methodology and corresponding inputs used by the valuation professionals with specialized skills including:

- Evaluating the model and methodology used to calculate the fair value of the warrants
- Evaluating and comparing the expected price volatility against a volatility range that was independently developed using peer group volatility information, and
- Independently developed a range of the fair value of the warrants

*Contracted Research & Development Cost Recognition:*

As discussed in Note 3 to the financial statements, the Company records costs for clinical trial activities based upon estimates of costs incurred through the balance sheet date for services performed by contract research organizations, clinical study sites and other vendors.

Auditing the recognition of pre-clinical and clinical trial costs associated with contracted organizations is challenging due to the significant judgment required to determine the nature and level of services that have been received, including determining the progress to completion of specific tasks and activities conducted in relation to what has been invoiced and recorded.

The primary procedures we performed to address this critical audit matter included:

- Obtained an understanding of the design and operating effectiveness of internal controls for pre-clinical and clinical cost recognition
- Tested the completeness and accuracy of the underlying data used in the estimates including, but not limited to, the estimated costs per project milestone and duration
- Assessed the reasonableness of the significant assumptions, corroborated the progress of the pre-clinical and clinical trials with the Company's operations personnel and to information obtained by the Company directly from third parties, and to information in contracts or statements of work including costs for those activities and project duration
- Examined subsequent invoicing received from such third parties

/s/ Friedman LLP
We have served as the Company's auditor since 2020.
East Hanover, New Jersey
April 13, 2022

**QUOIN PHARMACEUTICALS LTD.**

**Consolidated Balance Sheets**

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash | $ 7,482,773 | $ 323,832 |
| Prepaid expenses | 1,015,474 | — |
| Deferred offering costs | — | 141,338 |
| Total current assets | 8,498,247 | 465,170 |
| | | |
| Intangible assets, net | 808,604 | 912,648 |
| Other assets | 50,000 | — |
| Total assets | $ 9,356,851 | $ 1,377,818 |
| | | |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | | |
| Current liabilities: | | |
| Accounts payable | $ 923,239 | $ — |
| Accrued expenses | 1,685,409 | 960,848 |
| Accrued license acquisition | 250,000 | 875,000 |
| Accrued interest and amounts due under convertible notes payable | 743,840 | 47,041 |
| Due to officers | 4,723,732 | 4,888,913 |
| Convertible notes payable | — | 1,213,313 |
| Warrant liability | 373,599 | — |
| Total liabilities | 8,699,819 | 7,985,115 |
| | | |
| Commitments and contingencies | | |
| | | |
| Shareholders' equity (deficit): | | |
| Ordinary shares, no par value, 12,500,000,000 ordinary shares authorized – 3,354,650,799 and 1,201,460,800 (8,386,627 and 3,003,651 ADSs) ordinary shares issued and outstanding at December 31, 2021 and 2020, respectively | — | — |
| Treasury Stock, 2,641,693 ordinary shares, at cost | (2,932,000) | — |
| Additional paid in capital | 31,659,017 | 100 |
| Accumulated deficit | (28,069,985) | (6,607,397) |
| Total shareholders' equity (deficit) | 657,032 | (6,607,297) |
| | | |
| Total liabilities and shareholders' equity (deficit) | $ 9,356,851 | $ 1,377,818 |

*The accompanying footnotes are an integral part of these statements*

**QUOIN PHARMACEUTICALS LTD.**

**Consolidated Statements of Operations**

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2021** | **2020** | **2019** |
| Revenue | $ — | $ — | $ — |
| | | | |
| Operating expenses | | | |
| General and administrative | 4,499,923 | 1,425,855 | 1,514,751 |
| Research and development | 1,562,927 | 244,155 | 45,650 |
| Total operating expenses | 6,062,850 | 1,670,010 | 1,560,401 |
| | | | |
| Other expenses | | | |
| Fair value adjustment to convertible notes payable | 1,250,000 | 378,333 | — |
| Warrant liability expense | 12,784,329 | — | — |
| Financing expense | 275,000 | — | — |
| Interest expense | 1,090,409 | 47,021 | — |
| Total other expense | 15,399,738 | 425,354 | — |
| Net loss | $ (21,462,588) | $ (2,095,364) | $ (1,560,401) |
| | | | |
| **Loss per ADS and ordinary share** | | | |
| Loss per ADS | | | |
| Basic | $ (5.42) | $ (0.70) | $ (0.52) |
| Fully-diluted | $ (5.42) | $ (0.70) | $ (0.52) |
| | | | |
| Weighted average number of ADSs outstanding | | | |
| Basic | 3,962,264 | 3,003,652 | 3,003,652 |
| Fully-diluted | 3,962,264 | 3,003,652 | 3,003,652 |
| | | | |
| Loss per ordinary share | | | |
| Basic | $ (0.01) | $ (0.70) | $ (0.52) |
| Fully-diluted | $ (0.01) | $ (0.70) | $ (0.52) |
| | | | |
| Weighted average number of ordinary shares outstanding | | | |
| Basic | 1,584,905,594 | 1,201,460,800 | 1,201,460,800 |
| Fully-diluted | 1,584,905,594 | 1,201,460,800 | 1,201,460,800 |

*The accompanying footnotes are an integral part of these statements*

**QUOIN PHARMACEUTICALS LTD.**

**Consolidated Statements of Shareholders' Equity (Deficit)**
**Years ended December 31, 2021, 2020 and 2019**

| | Ordinary Shares | No Par Value | ADSs | Treasury Stock | Additional Paid in Capital | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2018** | 1,201,460,800 | $ — | 3,003,652 | | $ 100 | $ (2,951,632) | $ (2,951,532) |
| Net loss | | | | | | (1,560,401) | (1,560,401) |
| **Balance at December 31, 2019** | 1,201,460,800 | — | 3,003,652 | | 100 | (4,512,033) | (4,511,933) |
| Net loss | | — | — | | — | (2,095,364) | (2,095,364) |
| **Balance at December 31, 2020** | 1,201,460,800 | — | 3,003,652 | | 100 | (6,607,397) | (6,607,297) |
| Net loss | | — | — | | — | (21,462,588) | (21,462,588) |
| Conversion of "2020 Notes" into ordinary shares | 25,913,600 | | 64,784 | | 1,213,313 | | 1,213,313 |
| Sale of equity securities, including conversion of "Bridge Notes" | 1,710,500,800 | | 4,276,252 | | 17,000,000 | | 17,000,000 |
| Costs associated with sale of equity securities | | | | | (1,897,126) | | (1,897,126) |
| Merger recapitalization of Cellect | 416,775,599 | | 1,041,939 | (2,932,000) | 2,932,000 | | — |
| Reclassification of warrants upon issuance of exchange warrants | | | | | 12,410,730 | | 12,410,730 |
| **Balance at December 31, 2021** | 3,354,650,799 | $ — | 8,386,627 | (2,932,000) | $ 31,659,017 | $ (28,069,985) | $ 657,032 |

*The accompanying footnotes are an integral part of these statements*

**QUOIN PHARMACEUTICALS LTD.**

**Consolidated Statements of Cash Flows**

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2021 | 2020 | 2019 |
| Cash flows provided by (used in) operating activities | | | |
| Net loss | $ (21,462,588) | $ (2,095,364) | $ (1,560,401) |
| Fair value adjustment to convertible notes payable | 1,250,000 | 378,333 | — |
| Warrant liability expense | 12,784,329 | — | — |
| Financing expense | 275,000 | — | — |
| Amortization of intangibles | 104,043 | 104,043 | 20,710 |
| Changes in assets and liabilities: | | | |
| Increase in accounts payable and accrued expenses | 1,347,801 | 227,313 | 240,833 |
| Increase in accrued interest | 696,799 | 47,042 | — |
| Increase in prepaid expenses | (715,474) | — | — |
| Net cash used in operating activities | (5,720,090) | (1,338,633) | (1,298,858) |
| | | | |
| Cash flows used in investing activities | | | |
| Payment for license acquisition | (625,000) | (125,000) | — |
| Net cash used in investing activities | (625,000) | (125,000) | — |
| | | | |
| Cash flows provided by financing activities: | | | |
| Increase (decrease) in deferred offering costs | 141,338 | (141,338) | — |
| Increase in other assets | (50,000) | — | — |
| Increase in due to officers | 139,285 | 1,068,823 | 1,298,818 |
| Payments of amounts due to officers | (304,466) | (50,000) | — |
| Proceeds from issuance of “Bridge Notes”, net | 3,475,000 | 909,980 | — |
| Proceeds from sale of equity securities, net | 10,102,874 | — | — |
| Net cash provided by financing activities | 13,504,031 | 1,787,465 | 1,298,818 |
| | | | |
| Net change in cash | 7,158,941 | 323,832 | (40) |
| Cash - beginning of year | 323,832 | — | 40 |
| Cash - end of year | $ 7,482,773 | $ 323,832 | $ — |
| | | | |
| Supplemental information: | | | |
| License acquisition payable | $ — | $ — | $ 1,000,000 |
| Interest paid | 393,611 | | |
| Exchange of “2020 Notes” for Ordinary shares | $ 1,213,313 | | |
| Exchange of “Bridge Notes” for Ordinary shares | $ 5,000,000 | | |
| Reclassification of warrant liability to equity upon issuance of “Exchage Warrants” | $ 12,410,730 | | |

*The accompanying footnotes are an integral part of these statements*

**QUOIN PHARMACEUTICALS LTD.**
**Notes to Consolidated Financial Statements**
**December 31, 2021, 2020 and 2019**

## NOTE 1 – ORGANIZATION, BUSINESS AND BASIS OF PRESENTATION

Quoin Pharmaceuticals Ltd. ("Quoin Ltd."or the "Company"), formerly known as Cellect Biotechnology Ltd. ("Cellect"), is the holding company for Quoin Pharmaceuticals, Inc., a Delaware corporation ("Quoin Inc."). On October 28, 2021, Cellect completed the business combination with Quoin Inc., in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of March 24, 2021 (the "Merger Agreement"), by and among Cellect, Quoin Inc. and CellMSC, Inc., a Delaware corporation and wholly-owned subsidiary of Cellect ("Merger Sub"), pursuant to which Merger Sub merged with and into Quoin Inc., with Quoin Inc. surviving as a wholly-owned subsidiary of Cellect (the "Merger"). Immediately after completion of the Merger, Cellect changed its name to "Quoin Pharmaceuticals Ltd." The Company has accounted for the transaction as a reverse recapitalization with Quoin Inc. as the accounting acquirer. Because Quoin Inc. is the accounting acquirer, its historical financial statements became the Company's historical financial statements and such assets and liabilities continued to be recorded at their historical carrying values. The impact of the recapitalization has been retroactively applied to all periods presented. All equity related disclosures are presented in American Depositary Shares ("ADSs"), unless the context indicates otherwise. One ADS represents 400 ordinary shares of the Company.

Quoin Inc. was incorporated in Delaware on March 5, 2018. Quoin Inc. is a specialty pharmaceutical company focused on developing and commercializing therapeutic products that treat rare and orphan diseases. 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, no products have been commercialized and revenue has not been generated. The majority of the operating expenses since inception have been associated with completing due diligence on various technologies, asset technology acquisitions, negotiating and finalizing potential funding agreements, costs related to the Merger and building the pipeline of preclinical product candidates. The founders of Quoin Inc. funded all related expenditures through September 2020.

On October 28, 2021, Cellect sold the entire share capital of its subsidiary, Cellect Biotherapeutics Ltd., which essentially included all of Cellect's then existing net assets, to EnCellX Inc. ("EnCellX"), a newly formed U.S. privately held company based in San Diego, CA (the "Share Transfer"), pursuant to an Amended and Restated Share Transfer Agreement. Quoin Ltd. has no interests in EnCellX subsequent to the closing of the Merger. See Note 12.

On October 28, 2021, the Company completed the private placement transaction with an investor (the Investor") for an aggregate purchase price of approximately $17.0 million (comprised of the set off of approximately $5 million of senior secured notes issued in connection with the bridge loan that the Investor previously made to Quoin Inc. and approximately $12 million in cash from the Investor (the "Primary Financing"). See Note 5 .

Immediately after the closing of the Merger, there were approximately 8,386,627 ADSs issued and outstanding. The former holders of common stock of Quoin Inc. (including shares delivered to the Investor and the escrow account for the Investor) owned, in the aggregate, approximately 88% of the ordinary shares, with Cellect's shareholders immediately prior to the Merger owning approximately 12% of ordinary shares.

## NOTE 2 - LIQUIDITY RISKS AND UNCERTAINTIES AND GOING CONCERN

The Company has incurred net losses every year since inception and had an accumulated deficit of approximately $28.1 million at December 31, 2021. The Company funded its operations through the issuance of the 2020 Notes (as defined below) and the Bridge Financing (as defined below) prior to the Merger and the Primary Financing completed on October 28, 2021, whereby the Company received funding of approximately $12 million ($10.1 million after offering costs) at the

closing of the Merger. Further, the Company expects to receive additional funding through the mandatory exercise provision of the Series C Warrant issued to the Investor in March 2022 which would result in proceeds of approximately $9.5 million. In the event the requirements of the mandatory exercise provision of such warrant are not met (see Note 5), the Company has a written commitment from the Investor to provide funding equal to the $9.5 million expected upon exercise of the Series C Warrant, at prevailing market rates. As such, the Company believes that it has sufficient resources to affect its business plan for at least one year from the issuance of these consolidated financial statements. The Company is also in the process of negotiating a line of credit with a bank which has not yet been closed as of the financial statement filing date and is likely to be conditional on additional equity funding which could be satisfied by the aforementioned Investor funding, as well as the achievement of clinical development milestones.

Additional financing will be required to complete the research and development of the Company's therapeutic targets and its other operating requirements, which may not be available at acceptable terms, if at all. If the Company is unable to obtain the additional funding when it becomes necessary, 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, results of operations and financial condition.

## NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation:**

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"), which have been consistently applied, reflecting the operations of Quoin Inc. since inception and include the accounts of Quoin Ltd. since the date of the Merger.

**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: settlement of debt or other obligations, 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, which commenced 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:**

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 where substantially all cash is held in the United States. 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 years ended December 31, 2021, 2020 and 2019, there were no impairment indicators which required an impairment loss measurement.

**Deferred Offering Costs:**

Deferred offering costs are expenses directly related to the Primary Financing. These costs consisted of legal, accounting, printing, and filing fees that the Company capitalized which were 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 maintains a full valuation allowance on its existing deferred tax assets.

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 December 31, 2021 and 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.

**Fair value of financial instruments:**

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, 5 and 6. The warrants are recorded at fair value, see Notes 4, 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 loss per share in accordance with 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 shareholders 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 earnings (loss) per share gives effect to ordinary shares equivalents; however, potential common shares are excluded if their effect is anti-dilutive.

For the year ended December 31, 2021, the number of shares excluded from the diluted net earnings (loss) per share included outstanding warrants to purchase 1,787,844 ADS or 715,137,600 Ordinary Shares and warrants to purchase 15,721,514 ADS or 6,288,605,600 Ordinary Shares issuable pursuant to Primary Financing.

For the year ended December 31, 2020, the number of shares issuable upon the conversion of both the Convertible Notes Payable (as defined below) and the Bridge Notes (as defined below) 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.

**New 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.

*Debt with Conversion and Other Options and Derivatives and Hedging*

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 shareholders' 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, excluding smaller reporting companies as defined, 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.

*Earnings Per Share*

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share* (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), *Compensation-Stock Compensation* (Topic 718), and *Derivatives and Hedging-Contracts in Entity's Own Equity* (Subtopic 815-40). The new ASU addresses issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options. This amendment is effective for all entities, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. The Company does not believe the impact of the adoption of this pronouncement is significant to the consolidated financial statements.

Recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

**NOTE 4 – CONVERTIBLE NOTES PAYABLE**

On October 2, 2020, Quoin Inc. 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. The 2020 Notes are due one year from their respective dates of issuance. In October through December 2020, Quoin Inc. received an aggregate of approximately $910,000 pursuant to this offering, resulting in the issuance of 2020 Notes with an aggregate face value of $1,213,313 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 Quoin Inc.'s board of directors. No additional funding from the 2020 Notes was received in the year ended December 31, 2021.

Based upon the terms agreed to in March 2021 in the Primary Financing (see Note 5), the 2020 Notes were mandatorily convertible into 64,784 ADSs in the Primary Financing, subject to adjustment.

The Company elected to account for the Convertible Notes Payable using the fair value model due to the short maturity and likely conversion at the date of the Merger. The fair value of the Convertible Notes Payable was estimated to be approximately $1.2 million at the date of issuance, resulting in a $378,000 expense recognized in the fourth quarter of 2020. There was no material change in the fair value from issuance until the conversion to equity on the Merger date.

The noteholders also were entitled to receive warrants exercisable at any time after the issuance date for a number of shares of Quoin Inc.'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 was based on a valuation equal to the next financing round and since the number of shares issuable upon the exercise of the warrants and exercise price were not knowable at the time of the financing and as of December 31, 2020 they were not recognized. After entering into the Merger Agreement in March 2021, the terms of the warrants became measurable and were exercisable for 367,356 ADSs at an initial exercise price of $3.98 per ADS.

The Company determined that these warrants met the criteria to be recorded as a liability instrument. Each holder agreed to exchange its warrant for warrants on substantially the same terms as the Investor Exchange Warrants (See Note 5) with the same number of shares issuable upon the exercise of an Exchange Warrant as upon the exercise of the original warrant and the same exercise price as under the original warrant and have a contractual term of 5 years

At the closing of the Merger, 64,784 ADSs were issued upon the conversion of the principle of the Convertible Notes Payable. In addition, effective as of March 13, 2022, the Company exchanged noteholders' warrants for warrants on substantially the same terms as the Investor Exchange Warrants (See Note 5), exercisable for 367,356 ADSs, in the

aggregate, at the exercise price of $3.98 per ADS. The Exchange Warrants have been determined to warrant equity classification and, as such, the fair value change through the exchange date will be included in warrant liability expense in the accompanying statement of operations.

In December 2021, the Company concluded that the calculation of ADSs due to the 2020 Noteholders did not account for accrued interest due when the ADSs were issued. The Company reached cash settlements with, and plans to issue additional ADSs to, the 2020 Noteholders to account for this. The estimated amount required to settle these obligations was determined to be approximately $744,000 at December 31, 2021 and is included in accrued liabilities in the accompanying consolidated balance sheet and in interest expense in the accompanying consolidated statement of operations.

Interest expense, at the stated interest rate, recognized in the year ended December 31, 2021, 2020 and 2019 was approximately $202,000, $47,000, and $0, respectively. Accrued interest and estimated settlement costs at December 31, 2021, 2020 and 2019 was approximately $744,000, $47,000, and $0, respectively, of which $697,000 was recognized in the year ended December 31, 2021.

**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), Quoin Inc. entered into a “Bridge Purchase Agreement” on March 24, 2021 with the Investor, pursuant to which the Investor agreed to purchase, and Quoin Inc. agreed to issue notes (the “Bridge Notes”) in the aggregate principal amount of up to $5.0 million in exchange for an aggregate purchase price of up to $3.8 million together with warrants. The Bridge Notes were purchased in three closings: (i) the first purchase of $2.0 million on March 25, 2021 (Quoin Inc. received proceeds of $1.5 million less fees of $90,000); (ii) the second purchase of $1.7 million in April 2021 (Quoin Inc. received proceeds of $1.25 million) ; and (iii) a third purchase of $1.3 million in May 2021 (Quoin Inc. received proceeds of $1.0 million less fees of $185,000). The Bridge Notes were secured by a lien on Quoin Inc.’s current and future assets, were senior to all other outstanding and future indebtedness of Quoin Inc. and included covenants limiting future indebtedness, among others.

The Bridge Notes were issued with a 25% original issue discount, at an interest rate of 15% per annum and had a maturity date of the earliest to occur of: (i) December 25, 2021, (ii) the date on which Quoin Inc.’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 Investor and Quoin Inc. agreed that if the Primary Financing is consummated, the Investor may, at its election, offset the purchase price otherwise payable by Investor to Quoin Inc. pursuant to the Securities Purchase Agreement related to the Primary Financing, 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 thereunder shall be deemed to be fully satisfied without any further obligations on, or liability to, Quoin Inc.

The Company elected to account for the Bridge Notes using the fair value model due to the short maturity and likely conversion at the closing of the Merger. The cumulative fair value of the Bridge Notes was estimated to be approximately $5.0 million at the date of issuances, resulting in an increase in the fair value of approximately $1,250,000, which was recognized in the statement of operations for the year ended December 31, 2021. The fair value adjustments also included $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 the Merger date. See Note 6.

The Bridge Notes were offset against the purchase price under the Securities Purchase Agreement related to the Primary Financing and converted into 1,257,721 ADSs (including shares held in escrow for the benefit of the Investor) upon the

closing of the Primary Financing. The accrued interest amounting to $393,611 was paid in cash. Interest expense, at the stated interest rate, recognized in the year ended December 31, 2021 was $393,611.

**Warrants**

Upon the funding of each Bridge Note tranches described above, the Investor received warrants (the "Bridge Warrants") to purchase a number of shares of Quoin Inc.'s common stock equal to the aggregate principal amount of the Bridge Notes. The Bridge Warrants 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. Quoin Inc. issued a total of 1,238,429 Bridge Warrants in the year ended December 31, 2021.

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 shares underlying Bridge Warrants will be adjusted such that the aggregate number of shares of common stock issuable to the Investor reflects the Reset Price instead of the initial exercise price. Adjustments to the exercise price and number of warrant shares are available to the Investor until the second anniversary of the Registration Date, as defined in the Bridge Warrants. Upon the occurrence of a Fundamental transaction, as defined in the Bridge Warrants, 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 through the exchange date upon the closing of the Primary Financing. 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 See Note 6.

Upon the closing of the Primary Financing, the Bridge Warrants were exchanged for warrants to purchase 1,238,429 ADSs at a fixed per share exercise price of $3.98 ("Investor Exchange Warrants"), as amended, which replaced the reset provisions and modified the fundamental transaction requirements of the Bridge Warrants. The Investor Exchange Warrants and ordinary shares underlying the Investor Exchange Warrants were registered with the SEC on the Registration Statement on Form F-4. An amendment to the Investor Exchange Warrants was entered into in September 2021, which replaced the reset provisions with a fixed number of shares and exercise price.

**Primary Financing**

On October 28, 2021, the Company completed the private placement transaction with the Investor for an aggregate purchase price of approximately $17.0 million (comprised of (x) the set off of approximately $5 million of Bridge Notes, and (y) approximately $12 million in cash from the Investor) (the "Primary Financing"), and the Investor paid the Company approximately $11,504,000, which was net of $393,611 in accrued interest on the Bridge Notes. The Company incurred an additional approximate $1.4 million in costs associated with the Primary Financing, which resulted in the net proceeds of approximately $10.1 million. The Company issued 4,276,252 ADSs to the Investor, consisting of 833,773 delivered to the Investor on or after the Merger closing and 3,442,479 initially held in an escrow account for the benefit of the Investor as per the terms of the Securities Purchase Agreement. All such escrow shares were released to the Investor prior to December 31, 2021.

Quoin Ltd. also was required to issue to the Investor, effective as of March 13, 2022, the 136th day following the consummation of the Merger (i) Series A Warrant to purchase 4,276,252 ADSs (the "Series A Warrant") (ii) Series B Warrant to purchase 4,276,252 ADSs (the "Series B Warrant") and (iii) Series C Warrant to purchase 2,389,670 ADSs ("Series C Warrant" and, together with the Series A Warrant and Series B Warrant, the "Investor Warrants"). The exercise price for the Investor Warrants is $3.98 per ADS, with Series A Warrant having a five-year maturity, and Series B Warrant and Series C Warrant having a two-year maturity. The Company has the right to require the mandatory exercise of the Series C Warrant, subject to an effective registration statement being in place for the resale of the shares underlying such warrants and the satisfaction of equity market conditions, as defined in the Series C Warrant. As of the financial statement filing date, not all of the market related conditions were met. Upon the exercise of the Series C Warrant in full, the Investor would also 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 at an exercise price of $3.98 per ADS.

**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 significant estimates used in the determining the fair value of the 2020 Notes warrants (Note 4) were as follows:

| | 12/31/2021 (1) | 12/31/2020 |
|---|---|---|
| Stock price | $ 1.82 | $ 3.98 |
| Initial exercise price | $ 3.98 | $ 3.98 |
| Contractual Term | 5.0 | 5.0 |
| Volatility | 89.2 % | 98 % |
| Discount rate | 1.26 % | 0.81 % |

(1) The warrants issued during 2020 were not exchanged for fixed term warrants until 2022, therefore the existing warrants were still considered outstanding at December 31, 2021 and classified as a liability instrument.

The significant estimates used in such calculation of the fair value of the warrants issued in connection with the Bridge Financing (Note 5) were as follows:

| | Transaction Date<br>March - May 2021 | Merger Date<br>10/28/2021 |
|---|---|---|
| Stock price | $ 3.98 (post exchange ratio) | $ 11.64 (post exchange ratio) |
| Initial exercise price | $ 3.98 (post exchange ratio) | $ 3.98 (post exchange ratio) |
| Contractual Term | 5.0 | 5.0 |
| Volatility | 92 % | 89.2 % |
| Discount rate | 0.98 % | 1.18 % |

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 December 31, 2021 and 2020:

| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| 2020 Notes warrants | — | — | $ 373,599 | $ 373,599 |
| Total Warrant Liability | — | — | $ 373,599 | $ 373,599 |

| December 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| 2020 Notes payable | $ — | $ — | $ 1,213,333 | $ 1,213,333 |
| Total Liabilities | $ — | — | $ 1,213,333 | $ 1,213,333 |

The fair value of the convertible notes payable issued in 2020 was determined to be $1,213,333, resulting in a charge to operations of $378,333 during 2020. The fair value adjustment from December 31, 2020 to their conversion to ADSs at the Merger date was not material. The initial fair value of the Bridge Notes issued in 2021 was determined to be approximately $5,000,000, resulting in a charge to operations of $1,250,000 during 2021. The fair value adjustment from the Bridge Notes issuances to their conversion to ADSs upon the Merger date was not significant. The Bridge Notes and 2020 Notes were converted into ADSs at the Merger date. See Notes 4 and 5.

**QUOIN PHARMACEUTICALS LTD.**
**Notes to Consolidated Financial Statements**
**December 31, 2021, 2020 and 2019**

The following shows the movement of the warrant liability balance during 2021.

| | Bridge Financing Warrants | 2020 Notes Warrants |
|---|---|---|
| Beginning Balance | $ — | $ — |
| Warrant value at issuance (recorded as warrant liability expense) | 3,783,079 | 894,113 |
| Change in Fair value of warrants | 8,627,651 | (520,514) |
| Reclassification of warrant liability to an equity instrument | (12,410,730) | — |
| Ending Balance | **$ —** | **$ 373,599** |

The change in fair value of the Bridge Note warrants are included in other expense in the accompanying consolidated financial statements from the issuance date to the Merger Date. The Exchange warrants issued to the Investor on the Merger date was determined to be an equity-classified instrument, and accordingly the warrant liability on such date of $12,410,730 was reclassified to additional paid in capital on that date.

## NOTE 7 – PREPAID EXPENSES

Prepaid expenses are as follows:

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Prepaid R&D costs | $ 329,033 | $ — |
| Prepaid insurance | 684,191 | — |
| Prepaid other expenses | 2,250 | — |
| Total | **$ 1,015,474** | **$ —** |

## NOTE 8 – ACCRUED EXPENSES

Accrued expenses are as follows:

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Professional fees | $ 144,377 | $ 173,095 |
| Investor Relations fees | 584,000 | 528,000 |
| Payroll taxes | 199,582 | 148,899 |
| Payroll | 557,937 | — |
| Research contract expenses | 193,537 | 105,052 |
| Other expenses | 5,976 | 5,802 |
| Total | **$ 1,685,409** | **$ 960,848** |

## NOTE 9 – ASSET ACQUISITION AND IN-LICENSED TECHNOLOGY

### Polytherapeutics

On March 24, 2018, Quoin Inc. 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 Quoin Inc. 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 in the Acquisition Agreement,

received by Quoin Inc. 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 had the option to repurchase the intellectual property for $100,000 if there were no products in clinical development using such technology. The repurchase option was not exercised and has lapsed.

Quoin Inc. also entered into a research and consulting agreement which commits Quoin Inc. to pay the Seller for additional research and development consulting services (See Notes 12 and 15).

**Skinvisible**

On October 17, 2019, Quoin Inc. 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, Quoin Inc. 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 originally 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 were originally 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 Quoin Inc. 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. On January 27, 2021, Quoin Inc. and Skinvisible entered into an amendment which 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. No development milestones, sales milestones or royalty payments were due through in 2019, 2020 or 2021.

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, Quoin Inc. and Skinvisible entered into another amendment 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.

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. The agreement was subsequently 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 again amended, requiring payment of the license fee only when outside financing is received, as defined in the agreement. On June 21, 2021, the parties entered into an additional amendment which modified the payment terms and required a payment of $107,500 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 described above and reduced the milestone payment upon regulatory approval of the product containing the Skinvisible technology in either the U.S. or E.U., whichever happens first to a total of $5,000,000.

At December 31, 2021 and December 31, 2020, the license acquisition liability due was $250,000 and $875,000 respectively. In March 2022, the Company paid $50,000 against this liability. The remaining license acquisition liability has not been paid in accordance with the terms but has not impaired the Company's rights to the technology as the Company is in the process of renegotiating this payment with Skinvisible.

**NOTE 10 - INTANGIBLE ASSETS**

Intangible assets are as follows:

| | December 31, 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 | (231,829) | (127,785) |
| **Net book value** | **$ 808,604** | **$ 912,648** |

The Company recorded amortization expense of approximately $104,000, $104,000, and $21,000 in the years ended December 31, 2021, 2020 and 2019, respectively. Amortization expense for each of the next 5 years is expected to be approximately $104,000, and then approximately $288,000 thereafter.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

**Employment Agreements and Due to Officers/Founders**

In March 2018, Quoin Inc. executed employment agreements with both of its officers who are also co-founders of Quoin Inc. 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 consist of amounts specified in the employment agreements since inception through December 31, 2021 as well as reimbursable travel expenses and other amounts paid by them to third parties on behalf of Quoin Inc. The Company repaid $304,466, $50,000, and $0 of such amounts due to officers/founders in the year ended December 31, 2021, 2020 and 2019, respectively. Since the Merger closing, the Company has been repaying amounts due to officers/founders at a rate of $25,000 each per month (See Note 17).

Amounts due to officers at December 31, 2021 and 2020 consisted of the following:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Salaries and allowances | $ 4,108,500 | $ 3,984,000 |
| Invoices paid on behalf of the Company | 615,232 | 904,913 |
| Total | $ 4,723,732 | $ 4,888,913 |

During 2021, the Company incurred $108,000 of consulting expense from related parties, primarily from a related party company controlled by a member of the Board of Directors.

See Note 4 for related party debt and Note 12 for employment agreements.

## NOTE 12 – RESEARCH, CONSULTING AGREEMENTS AND COMMITMENTS

### Research and consulting agreement

Quoin Inc. entered into a research and consulting agreement (the "Research Agreement") which commits it to pay the former owner of Polytherapeutics (the "Consultant" or "Seller") 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 9). 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.

Through December 31, 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 15 for Consultant's notification of breach of contract.

### Other research consulting agreements

Quoin Inc. entered into three consulting agreements with Axella Research LLC ("Axella") to provide regulatory and pre-clinical/clinical services to the Company with respect to QRX003 and QRX004. The combined fees of the three agreements are approximately $270,000, payable as milestones under the three agreements are met. Quoin Inc. has also engaged Axella for additional services pursuant to separate work orders. Further, Quoin Inc. has two options to pay the milestones due 1) one half in equity of Quoin Inc. (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 approximately $247,000, $50,000 and $25,000 for the years ended December 31, 2021, 2020 and 2019, respectively and has accrued expenses of $193,537, $105,052 and $24,940 at December 31, 2021, 2020 and 2019, respectively.

In November 2020, Quoin Inc. entered into a Master Service Agreement for an initial term of three years with Therapeutics Inc. for managing preclinical and clinical development for new products in the field of dermatology. The agreement required the execution of individual work orders. Quoin Inc. 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 a clinical study at an expected estimated cost of approximately $3.5 million and expected timing through the first quarter of 2023. For the year ended December 31, 2021, the Company incurred approximately $340,000 of research and development costs related to this agreement.

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, of which an initial $25,000 expense was incurred in 2021.

### Employment agreements

The employment agreements entered into by Quoin Inc. with its two founders/officers provide 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.

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 Board of Directors of the Company approved amendments to the employment agreements increasing base level compensation by 10% for the two founders and increasing the annual target discretionary bonus to not less than 45% of base salary for the two founders and the Chief Financial Officer. Further a transaction bonus related to the closing of the Merger and private placements aggregating approximately $324,000 was paid to the two founders in November 2021. See Note 17 describing subsequent shareholder approval of the employment agreements of the two founders/officers.

**Performance milestones and Royalties**

See Note 9 for asset and in-licensed technology commitments.

**Merger agreement commitment**

In consideration for the Share Transfer disclosed in Note 1, the pre-closing Cellect shareholders received a contingent value right ("CVR") entitling the holders to earnouts during the Payment Period (as such term is defined in the Share Transfer Agreement), comprised mainly of payments upon sale, milestone payments, license fees and exit fees realized by EnCellX. In order to secure such right, shares constituting 40% of EnCellX share capital are held in escrow by Altshuler Shaham Trusts Ltd.

In connection with the Share Transfer, Cellect entered into a CVR Agreement with Mr. Eyal Leibovitz, in the capacity of Representative for the holders of CVRs, and Computershare Trust Company, N.A., a federally chartered trust company (the "Rights Agent"). Under the terms of the CVR Agreement, the holders of the Cellect ADSs immediately prior to the Merger had the right to receive, through their ownership of CVRs, their pro-rata share of the net Share Transfer consideration, making such holders of CVRs the indirect beneficiaries of the net payments under the Share Transfer. CVRs were recorded in a register administered by the Rights Agent but were not certificated.

Since the Company will not receive any net proceeds from the CVR's, there is no asset or liability recorded in the consolidated financial statements.

**NOTE 13 – SHAREHOLDERS' EQUITY AND SHARE OWNERSHIP AND RIGHTS**

**Quoin Inc.**

Quoin Inc.'s authorized capital stock consisted of 10,000 shares of common stock. On March 5, 2018, in connection with the incorporation as a Delaware corporation, Quoin Inc. issued 100 shares for a consideration of $100 split equally between the two founders and officers of Quoin Inc. In connection with the Merger transaction, the two founders exchanged their shares in Quoin Inc. for 3,003,652 ADSs in Quoin Ltd. All share and per share amounts have been adjusted to reflect this recapitalization.

**Quoin Ltd.**

As of December 31, 2021, Quoin Ltd.'s authorized share capital consisted of 12,500,000,000 ordinary shares, no par value. These ordinary shares are not redeemable and do not have any preemptive rights. However, the Investor has certain approval rights in connection with the issuance of additional shares. Holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders at a shareholders meeting. Shareholders may vote at

shareholders meetings either in person, by proxy or by written ballot. Israeli law does not allow public companies to adopt shareholder resolutions by means of written consent in lieu of a shareholders meeting. The board of directors shall determine and provide a record date for each shareholders meeting and all shareholders at such record date may vote. Unless stipulated differently in the Companies Law or in the articles of association, all shareholders' resolutions shall be approved by a simple majority vote.

Under Israeli law, the Company may declare and pay dividends only if, upon the determination of our board of directors, there is no reasonable concern that the distribution will prevent us from being able to meet the terms of our existing and foreseeable obligations as they become due. Under the Companies Law, the distribution amount is further limited to the greater of retained earnings or earnings generated over the two most recent years legally available for distribution according to our then last reviewed or audited financial statements, provided that the date of the financial statements is not more than six months prior to the date of distribution. In the event that the Company does not have retained earnings or earnings generated over the two most recent years legally available for distribution, the Company may seek the approval of the court in order to distribute a dividend. The court may approve our request if it determines that there is no reasonable concern that the payment of a dividend will prevent the Company from satisfying our existing and foreseeable obligations as they become due.

The Bank of New York Mellon, as depositary, has registered and delivered American Depositary Shares, also referred to as ADSs. Each ADS represents four hundred (400) ordinary shares (or a right to receive four hundred (400) ordinary shares). Each ADS will also represent any other securities, cash or other property which may be held by the depositary. ADSs may be held either (a) directly (1) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs or (2) by having uncertificated ADSs, or (b) indirectly by holding a security entitlement in ADSs through a broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC.

**Warrants and Options**

The following vested stock options and warrants were outstanding at December 31, 2021, exercisable into ADSs:

| | ADSs | Exercise Price | Year of maturity |
|---|---|---|---|
| Warrants held by 2020 noteholders | 367,356 | $ 3.98 | 2026 |
| Warrants held by Investor | 1,238,429 | $ 3.98 | 2026 |
| Warrants held by former Cellect warrantholders | 110,263 | $ 0.20-$11.00 | 2022-2024 |
| Options held by former Cellect optionholders(1) | 71,796 | $8.60-$217.00 | 2022 |
| Total | 1,787,844 | | |

1) The options held by former Cellect optionholders fully vested at the closing of the Merger and expire between January and October 2022. The incremental fair value of the stock options at the closing of the Merger was not significant. The options were issued under the Cellect Ltd. Employee Shares Incentive Plan (the "2014 Plan"). The 2014 Plan was amended and restated and initial grants were made to Company officers and directors, approved at the Company Annual General Meeting held on April 12, 2022. See Note 17.

The intrinsic value of the above stock options and warrants at December 31, 2021 was negligible.

Effective as of March 13, 2022, the Company issued warrants to the Investor under the terms of the Primary Financing, exercisable into ADSs in the following aggregate amounts. See Note 17.

**QUOIN PHARMACEUTICALS LTD.**
**Notes to Consolidated Financial Statements**
**December 31, 2021, 2020 and 2019**

| | ADSs | Exercise Price |
|---|---|---|
| Series A warrants | 6,665,922 | $ 3.98 |
| Series B warrants | 6,665,922 | $ 3.98 |
| Series C warrants (1) | 2,389,670 | $ 3.98 |
| Total | 15,721,514 | |

(1) The Company expects to issue each of 2,389,670 additional Series A and Series B Warrants to the Investor upon exercise of the Series C Warrant, which are included in the totals in the table above.

**NOTE 14 – INCOME TAXES**

The Company's deferred tax assets relate primarily to its net operating loss carryforwards and other balance sheet basis differences. The Company maintains a valuation allowance to fully offset the gross deferred tax asset because it is not more likely than not that the Company will realize future benefits associated with these deferred tax assets at December 31, 2021 and 2020. The valuation allowance increased by approximately $2,178,000 and $515,000 for the years ended December 31, 2021 and 2020, respectively.

Significant components of the Company's deferred tax assets are as follows:

| | December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Deferred tax assets: | | |
| Net operating losses carryforward | $ 1,945,000 | $ 355,000 |
| Due to officers | 1,411,000 | 1,467,000 |
| Accrued expenses and other | 212,000 | 44,000 |
| R&D credit carryforward | 102,000 | — |
| Debt related attributes | 375,000 | — |
| | | |
| Total deferred tax assets | 4,045,000 | 1,866,000 |
| Valuation allowance | (4,045,000) | (1,866,000) |
| | | |
| Deferred tax asset, net of valuation allowance | $ — | $ — |

At December 31, 2021 and 2020, the Company had U.S. federal and state income tax net operating loss ("NOL") carryforward of approximately $6,482,000 and $1,180,000, respectively, that may be used to offset future taxable income. The Internal Revenue Code (the "IRC") contains limitations on the use of net operating loss carryforwards after the occurrence of a substantial ownership change as defined by IRC Section 382. The Company has not performed a detailed analysis, however utilization of such net operating loss carryforwards will likely be significantly limited due to the shares issued in the Primary Financing and the Merger. At December 31, 2021, the Company had approximately $102,000 of federal research and development ("R&D") tax credit carryforwards. If not utilized, the federal R&D credits will begin to expire in 2038.

The income tax benefit for the years ended December 31, 2021 and 2020 differed from the amounts computed by applying the US federal income tax rate of 21% primarily because of the increase in the valuation allowance and the tax impact of fair value adjustments and other permanent items, which resulted in an effective tax rate of zero for both years.

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The CARES Act is an emergency economic stimulus package that includes spending and tax breaks to strengthen the

United States economy and fund a nationwide effort to curtail the effect of COVID-19. While the CARES Act provides sweeping tax changes in response to the COVID-19 pandemic, some of the more significant provisions which are expected to impact the Company's financial statements include removal of certain limitations on utilization of net operating losses, increasing the loss carryback period for certain losses to five years, and increasing the ability to deduct interest expense, as well as amending certain provisions of the previously enacted Tax Cuts and Jobs Act. The Company has concluded that the CARES Act did not have a material impact on its financial position, results of operations, or cash flows.

On December 27, 2020, the United States enacted the Consolidated Appropriations Act which extended many of the benefits of the CARES Act that were scheduled to expire. The Company evaluated the impact of the Consolidated Appropriations Act on its consolidated financial statements and related disclosures and concluded that the impact is immaterial.

**NOTE 15 - 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 Quoin Inc. 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 9 and 12. The Consultant has not provided any services and has not complied with other technical requirements under the Research Agreement, 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 16 – LICENSE AGREEMENTS**

In November and December 2021, the Company entered into three license and supply agreements, whereby the Company is entitled to a royalty or other proceeds from the specified product revenues in select non-US markets from the licensee, if and when the underlying products are approved and commercialized. No royalty revenues were received in 2021.

**NOTE 17 - SUBSEQUENT EVENTS**

In March 2022, the Company paid an aggregate of $311,670 to two out of five 2020 noteholders in settlement of the amounts included in accrued interest payable at the closing of the Merger. See Note 4.

In the first quarter of 2022, the Company entered into four license and supply agreements, whereby the Company will receive a royalty or other proceeds from the specified product revenues in select non-US markets from the licensor, if and when the underlying products are approved and commercialized.

Effective as of March 13, 2022, the Company issued warrants to purchase ADSs as follows:

- Exchanged the existing warrants of 2020 noteholders (Note 4) for warrants on substantially the same terms as the Investor Exchange Warrant (See Note 5), exercisable for 367,356 ADSs, in the aggregate, at the exercise price of $3.98 per ADS.
- Issued Series A Warrant, Series B Warrant and Series C Warrant to purchase 4,276,252 ADSs, 4,276,252 ADSs and 2,389,670 ADSs, respectively, at the exercise price of $3.98 per ADS, based on the terms of the Primary

Financing.

The Company held a Special General Meeting on February 28, 2022, at which the Company's shareholders adopted the Amended and Restated Articles of Association of the Company.

In March 2022, the board of directors of the Company approved the Amended and Restated Equity Incentive Plan (the "Amended Plan") which increased the number of ordinary shares reserved for issuance under such equity incentive plan to 15% of the Company's outstanding ordinary shares on a fully-diluted basis, or 1,826,991,616 ordinary shares, represented by 4,567,479 ADSs. The board of directors further approved the award of options to Officers and Directors in aggregate to acquire 3,957,142 ADSs under the Amended Plan, and annual discretionary bonuses for Officers of $472,500 in aggregate. The Amended Plan and certain individual option grants and bonuses were subject to shareholder approval at our Annual General Meeting, as described below.

The Company held its Annual General Meeting on April 12, 2022, and which the Company's shareholders approved, among other items, the following:

- The increase in authorized share capital from 12.5 billion to 50 billion ordinary shares.
- Modification of the annual compensation of the two founders to a combined base salary of $990,000 and to increase the annual discretionary bonus to not less than 45% of the annual base salary.
- The grant of an option to purchase up to 1,071,429 ADSs to each of the two founders under the Amended Plan, at an exercise price per ADS of $1.40, to vest over a four-year period.
- The grant of an option to purchase 117,857 ADSs to each non-employee director under the Amended Plan at an exercise price per ADS of $1.40, to vest over a three-year period, and (as an annual grant for 2022) an option to purchase 42,857 ADSs at an exercise price per ADS of $1.40, to vest over a three-year period.
- The terms of repayment of indebtedness to the two founders by providing monthly payments of $25,000 to each founder.

**NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER, IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD (X) PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT OR (Y) TO AN ACCREDITED INVESTOR IN A PRIVATE TRANSACTION. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.**

## QUOIN PHARMACEUTICALS LTD.

## FORM OF SERIES A WARRANT TO PURCHASE AMERICAN DEPOSITARY SHARES

Warrant No.: A-__
Date of Issuance: March 13, 2022 ("**Issuance Date**")

Quoin Pharmaceuticals Ltd., an Israeli company formerly known as Cellect Biotechnology Ltd. (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, _____, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the Issuance Date, but not after 11:59 p.m., New York time, on the Expiration Date, (as defined below), _____ fully paid nonassessable ADSs, subject to adjustment as provided herein (the "**Warrant Shares**" and such initial number of Warrant Shares, as adjusted pursuant to Section 2. Except as otherwise defined herein, capitalized terms in this Warrant to Purchase American Depositary Shares (including any Warrants to Purchase American Depositary Shares issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section 18. This Warrant is one of the Series A Warrants to purchase American Depositary Shares (the "**SPA Warrants**") issued pursuant to Section 1 of that certain Securities Purchase Agreement, dated as of March 24, 2021 (the "**Subscription Date**"), by and among the Company, Quoin Pharmaceuticals, Inc., a Delaware corporation, and the investors (the "**Buyers**") referred to therein (as may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms, the "**Securities Purchase Agreement**"). Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to such terms in the Securities Purchase Agreement.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder at any time or times on or after the Issuance Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) (A) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds or (B) if the provisions of Section 1(d) are applicable, by notifying the Company that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 1(d)(1)). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder, nor shall any ink-original signature or medallion guarantee (or other type of guarantee or notarization) with respect to any Exercise Notice be required. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the first (1st) Trading Day following the date on which the Holder has delivered the applicable Exercise Notice to the Company, the Company shall transmit by electronic mail an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the applicable Share Delivery Date, the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and (A) the applicable Warrant Shares are subject to an effective resale registration statement in favor of the Holder or (B) if exercised via Cashless Exercise, at a time when Rule 144 would be available for resale of the applicable Warrant Shares by the Holder, credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or (A) the applicable Warrant Shares are not subject to an effective resale registration statement in favor of the Holder and (B) if exercised via Cashless Exercise, at a time when Rule 144 would not be available for resale of the applicable Warrant Shares by the Holder, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise. The Company shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Shares via DTC, if any, including, without limitation, for same day processing. Upon delivery of the Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than five (5) Trading Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with

respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant (other than the Holder's income taxes). The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination. While any SPA Warrants remain outstanding, the Company shall use a transfer agent that participates in the DTC Fast Automated Securities Transfer Program.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $3.98 per ADS, subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail for any reason or for no reason to issue to the Holder on or prior to the applicable Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, a certificate for the number of ADSs to which the Holder is entitled and register such ADSs on the Company's share register or if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, to credit the Holder's balance account with DTC, for such number of ADSs to which the Holder is entitled upon the Holder's exercise of this Warrant or (II) if the Registration Statement covering the resale of the Warrant Shares that are the subject of the Exercise Notice (the "**Unavailable Warrant Shares**") is not available for the resale of such Unavailable Warrant Shares and the Company fails to promptly, but in no event later than as is required pursuant to the Registration Rights Agreement (x) so notify the Holder in writing and (y) deliver the Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, an "**Exercise Failure**"), then, in addition to all other remedies available to the Holder, (X) the Company shall pay in cash to the Holder on each day after the applicable Share Delivery Date and during such Exercise Failure an amount equal to 1.5% of the product of (A) the number of Warrant Shares not issued to the Holder on or prior to the applicable Share Delivery Date and to which the Holder is entitled, and (B) any trading price of the ADSs selected by the Holder in writing as in effect at any time during the period beginning on the applicable date of delivery of the applicable Exercise Notice and ending on the applicable Share Delivery Date, and (Y) the Holder, upon written notice to the Company, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the voiding of an Exercise Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. In addition to the foregoing, if on or prior to the applicable Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, the Company shall fail to issue and deliver a certificate to the Holder and register such ADSs on the Company's share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, credit the Holder's balance

account with DTC for the number of ADSs to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Company's obligation pursuant to clause (ii) below or (II) a Notice Failure occurs, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) ADSs relating to the applicable Exercise Failure (a "**Buy-In**"), then the Company shall, within five (5) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the ADSs so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such ADSs) or credit the Holder's balance account with DTC for such ADSs shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such ADSs or credit the Holder's balance account with DTC, as applicable, and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of ADSs, times (B) any trading price of the ADS selected by the Holder in writing as in effect at any time during the period beginning on the date of delivery of the applicable Exercise Notice and ending on the applicable Share Delivery Date. Nothing herein shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing ADSs (or to electronically deliver such ADSs) upon the exercise of this Warrant as required pursuant to the terms hereof. Notwithstanding the forgoing, any payments made by the Company to the Holder pursuant to this Section 1(c) shall be made without withholding or deduction for any taxes (as defined in the Securities Purchase Agreement), unless required by law, in which case the Company will pay such additional amounts as will result, after such withholding or deduction, in the receipt by the Holder of the amounts that would otherwise have been receivable in respect thereof.

(d) Cashless Exercise.

(1) Notwithstanding anything contained herein to the contrary, if at any time following the earlier of (x) April 28, 2022 and (y) the Demand Effectiveness Deadline (as defined in the Registration Rights Agreement) of the Demand Registration Statement (as defined in the Registration Rights Agreement), if any, filed to register the Unavailable Warrant Shares for resale by the Holder, a Registration Statement covering the resale of the Unavailable Warrant Shares is not available for the resale of such Unavailable Warrant Shares, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of ADSs determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of ADSs with respect to which this Warrant is then being exercised.

B= as applicable: (i) the Weighted Average Price of the ADSs on the Trading Day immediately preceding the date of the applicable Exercise Notice if such Exercise Notice is (1) both executed and delivered pursuant to Section 1(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 1(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(68) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (x) the Weighted Average Price of the ADSs on the Trading Day immediately preceding the date of the applicable Exercise Notice or (y) the Bid Price of the ADSs on the principal trading market for the ADSs as reported by Bloomberg as of the time of the Holder's execution of the applicable Exercise Notice if such Exercise Notice is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 1(a) hereof or (iii) the Weighted Average Price of the ADSs on the date of the applicable Exercise Notice if the date of such Exercise Notice is a Trading Day and such Exercise Notice is both executed and delivered pursuant to Section 1(a) hereof after the close of "regular trading hours" on such Trading Day.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(2) Intentionally omitted.

(3) For purposes of Rule 144(d), the Company hereby acknowledges and agrees that the Warrant Shares issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares for purposes of Rule 144(d), shall be deemed to have commenced, on the Shares Closing Date. The Company agrees not to take any position contrary to this Section 1(d) as long as the rules and interpretations of the SEC in effect as of the Subscription Date remain unchanged in this respect.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 12.

(f) Beneficial Ownership Limitation on Exercises. Notwithstanding anything to the contrary contained herein, the Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 4.99% (the "**Maximum Percentage**") of the number of Ordinary Shares outstanding immediately after

giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of Ordinary Shares beneficially owned by the Holder and the other Attribution Parties shall include the number of Ordinary Shares held by the Holder and all other Attribution Parties plus the number of Ordinary Shares underlying the Warrant Shares issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude the number of Ordinary Shares which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred stock or warrants, including the Series B Warrants, Series C Warrants and the Exchange Warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 1(f). For purposes of this Section 1(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"). For purposes of this Warrant, in determining the number of outstanding Ordinary Shares the Holder may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding Ordinary Shares as reflected in (x) the Company's most recent Annual Report on Form 20-F, Report of Foreign Private Issuer on Form 6-K or other public filing with the Securities and Exchange Commission (the "**SEC**"), as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent setting forth the number of Ordinary Shares outstanding (the "**Reported Outstanding Share Number**"). If the Company receives an Exercise Notice from the Holder at a time when the actual number of outstanding Ordinary Shares is less than the Reported Outstanding Share Number, the Company shall (i) promptly notify the Holder in writing of the number of Ordinary Shares then outstanding and, to the extent that such Exercise Notice would otherwise cause the Holder's beneficial ownership, as determined pursuant to this Section 1(f), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of Warrant Shares to be purchased pursuant to such Exercise Notice (the number of Warrant Shares by which such purchase is reduced, the "**Reduction Shares**") and (ii) as soon as reasonably practicable, the Company shall return to the Holder any exercise price paid by the Holder for the Reduction Shares. For any reason at any time, upon the written or oral request of the Holder, the Company shall within two (2) Trading Days confirm in writing by electronic mail to the Holder the number of Ordinary Shares then outstanding. In any case, the number of outstanding Ordinary Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of Warrant Shares to the Holder upon exercise of this Warrant results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding Ordinary Shares (as determined under Section 13(d) of the 1934 Act), the number of Warrant Shares so issued by which the Holder's and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio and any portion of this Warrant so exercised shall be reinstated, and the Holder shall not have the power to vote or to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return to the Holder the exercise price paid by the Holder for the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from

time to time increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of SPA Warrants that is not an Attribution Party of the Holder. For purposes of clarity, the Ordinary Shares underlying the Warrant Shares issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(f) to the extent necessary to correct this paragraph or any portion of this paragraph which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 1(f) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Warrant.

(g) Insufficient Authorized Shares. If at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved Ordinary Shares to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of Ordinary Shares equal to the maximum number of Ordinary Shares as shall from time to time be necessary to effect the exercise in full of all of this Warrant then outstanding without regard to any limitation on exercise set forth herein and assuming that the Series C Warrant has been exercised in full by paying the Aggregate Exercise Price (as defined in the Series C Warrants) in cash (without giving effect to any limitation on exercise set forth therein) (the "**Required Reserve Amount**" and the failure to have such sufficient number of authorized and unreserved Ordinary Shares, an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized Ordinary Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized Ordinary Shares. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized Ordinary Shares and to cause its board of directors to recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, if any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of its issued and outstanding Ordinary Shares to approve the increase in the number of authorized Ordinary Shares, the Company may satisfy this obligation by obtaining such consent and submitting for filing with the SEC an Information Statement on Schedule 14C. In the event that upon any exercise of this Warrant, the Company does not have sufficient authorized Ordinary Shares to deliver Warrant Shares in satisfaction of such exercise, then unless the Holder elects to void such attempted exercise, the Holder may require the Company to pay to the Holder within five (5) Trading Days of the applicable exercise, cash in an amount equal to the product of (i) the number of Warrant Shares that the Company is unable to deliver pursuant to this Section 1(g) and (ii) the highest

Weighted Average Price of the ADSs during the period beginning on the date of such attempted exercise and the date that the Company makes the applicable cash payment.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Adjustment Upon Issuance of Ordinary Shares. If and whenever on or after the Subscription Date, except for the issuance or deemed issuance of Excluded Securities, the Company publicly announces, issues or sells, enters into a definitive, binding agreement pursuant to which the Company is required to issue or sell or, in accordance with this Section 2(a), is deemed to have issued or sold, any Ordinary Shares (including the issuance or sale of Ordinary Shares owned or held by or for the account of the Company, but excluding, for the avoidance of doubt, Ordinary Shares deemed to have been issued or sold by the Company in connection with any Excluded Securities) for a consideration per Ordinary Share (the "**New Issuance Price**") less than a price (the "**Applicable Price**") equal to the quotient obtained by dividing (x) the Exercise Price in effect immediately prior to such public announcement, issue or sale or deemed issuance or sale or entry into such a definitive, binding agreement, by (y) the ratio of Ordinary Shares per ADS (which ratio shall, initially, be equal to four hundred (400)) (the foregoing a "**Dilutive Issuance**"), then immediately after such Dilutive Issuance, the Exercise Price then in effect shall be reduced to an amount equal to the product obtained by multiplying (x) the New Issuance Price, by (y) the ratio of Ordinary Shares per ADS (which ratio shall, initially, be equal to four hundred (400)). For purposes of determining the adjusted Exercise Price under this Section 2(a), the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants or sells or enters into a definitive, binding agreement pursuant to which the Company is required to grant or sell, or the Company publicly announces the issuance or sale of, any Options and the lowest price per Ordinary Share for which one Ordinary Share is issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option is less than the Applicable Price, then such Ordinary Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting or sale of such Option for such price per Ordinary Share. For purposes of this Section 2(a)(i), the "lowest price per Ordinary Share for which one Ordinary Share is issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option" shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one Ordinary Share upon the granting or sale of the Option, upon exercise of the Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option less any consideration paid or payable by the Company with respect to such one Ordinary Share upon the granting or sale of such Option, upon exercise of such Option and upon conversion exercise or exchange of any Convertible Security issuable upon exercise of such Option. No further adjustment of the Exercise Price shall be made upon the actual issuance of such Ordinary Shares or of such Convertible Securities upon the exercise of such Options or upon the actual issuance of such Ordinary Share upon conversion, exercise or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells, or enters into a definitive, binding agreement pursuant to which the Company is required to grant or sell or the Company publicly announces the issuance or sale of, any Convertible Securities and the lowest price per Ordinary Share for which one Ordinary Share is issuable upon the conversion, exercise or exchange thereof is less than the Applicable Price, then such Ordinary Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale of such Convertible Securities for such price per Ordinary Share. For the purposes of this Section 2(a)(ii), the "lowest price per Ordinary Share for which one Ordinary Share is issuable upon the conversion, exercise or exchange thereof" shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one Ordinary Share upon the issuance or sale of the Convertible Security and upon conversion, exercise or exchange of such Convertible Security less any consideration paid or payable by the Company with respect to such one Ordinary Share upon the issuance or sale of such Convertible Security and upon conversion, exercise or exchange of such Convertible Security. No further adjustment of the Exercise Price shall be made upon the actual issuance of such Ordinary Shares upon conversion, exercise or exchange of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of this Warrant has been or is to be made pursuant to other provisions of this Section 2(a), no further adjustment of the Exercise Price shall be made by reason of such issue or sale.

(iii) Change in Option Price or Rate of Conversion. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exercisable or exchangeable for Ordinary Shares increases or decreases at any time, the Exercise Price in effect at the time of such increase or decrease shall be adjusted to the Exercise Price, which would have been in effect at such time had such Options or Convertible Securities provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 2(a)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Subscription Date are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Ordinary Shares deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 2(a) shall be made if such adjustment would result in an increase of the Exercise Price then in effect.

(iv) Calculation of Consideration Received. If any Option and/or Convertible Security and/or Adjustment Right is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (as reasonably determined by the Holder, the "**Primary Security**", and such Option and/or Convertible Security and/or Adjustment Right, the "**Secondary Securities**"), together comprising one integrated transaction, (or one or more transactions if such issuances or sales or deemed issuances or sales of securities of the Company either (A) have at least one investor or purchaser in common, (B) are consummated in reasonable proximity to each other and/or

(C) are consummated under the same plan of financing) the aggregate consideration per Ordinary Share with respect to such Primary Security shall be deemed to be equal to the difference of (x) the lowest price per Ordinary Share for which one Ordinary Share was issued (or was deemed to be issued pursuant to Section 2(a)(i) or Section 2(a)(ii), as applicable) in such integrated transaction solely with respect to such Primary Security, minus (y) with respect to such Secondary Securities, the sum of (I) the Black Scholes Consideration Value of each such Option, if any, (II) the fair market value (as determined by the Holder in good faith) or the Black Scholes Consideration Value, as applicable, of such Adjustment Right, if any, and (III) the fair market value (as determined by the Holder) of such Convertible Security, if any, in each case, as determined on a per Ordinary Share basis in accordance with this Section 2(a)(iv). If any Ordinary Shares, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor (for the purpose of determining the consideration paid for such Ordinary Shares, Option or Convertible Security, but not for the purpose of the calculation of the Black Scholes Consideration Value) will be deemed to be the net amount of consideration received by the Company therefor. If any Ordinary Shares, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company (for the purpose of determining the consideration paid for such Ordinary Shares, Option or Convertible Security, but not for the purpose of the calculation of the Black Scholes Consideration Value) will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the Weighted Average Prices of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any Ordinary Shares, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor (for the purpose of determining the consideration paid for such Ordinary Shares, Option or Convertible Security, but not for the purpose of the calculation of the Black Scholes Consideration Value) will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Ordinary Shares, Options or Convertible Securities (as the case may be). The fair value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "**Valuation Event**"), the fair value of such consideration will be determined within five (5) Trading Days after the tenth ($10^{th}$) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be final and binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company. Notwithstanding anything to the contrary contained herein, if a calculation pursuant to this Section 2(a)(iv) would result in an Exercise Price that is lower than the par value of the Ordinary Shares, then the Exercise Price shall be deemed to equal the par value of the Ordinary Shares.

(v) Record Date. If the Company takes a record of the holders of Ordinary Shares or ADSs for the purpose of entitling them (A) to receive a dividend or other distribution payable in ADSs, Ordinary Shares, Options or in Convertible Securities

or (B) to subscribe for or purchase ADSs, Ordinary Shares, Options or Convertible Securities, then such record date will be deemed to be the date of the issue or sale of the ADSs or Ordinary Shares deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(vi) No Readjustments. For the avoidance of doubt, in the event the Exercise Price has been adjusted pursuant to this Section 2(a) and the Dilutive Issuance that triggered such adjustment does not occur, is not consummated, is unwound or is cancelled after the facts for any reason whatsoever, in no event shall the Exercise Price be readjusted to the Exercise Price that would have been in effect if such Dilutive Issuance had not occurred or been consummated.

(b) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant, with the prior written consent of the Holder, (i) reduce the then current Exercise Price and/or (ii) increase the then current number of Warrant Shares, in each case, to any amount or number and for any period of time deemed appropriate by the Board of Directors of the Company.

(c) Adjustment Upon Subdivision or Combination of Ordinary Shares or ADSs. If the Company at any time on or after the Shares Closing Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding Ordinary Shares or ADSs into a greater number of Ordinary Shares or ADSs, as applicable, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Shares Closing Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding Ordinary Shares or ADSs into a smaller number of Ordinary Shares or ADSs, as applicable, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) Change in ADS Ratio. If after the Issuance Date the ratio of ADSs to Ordinary Shares is increased or reduced, then the number of Warrant Shares to be delivered upon exercise of this Warrant will be reduced or increased (respectively) in inverse proportion to the change in the such ratio and the Exercise Price per Warrant will be increased or reduced (respectively) in proportion to the change in Ordinary Shares per ADS, so that the total number or Warrant Shares underlying the this Warrant and the aggregate Exercise Price for this Warrant remain unchanged.

(e) Change from ADSs to Ordinary Shares. If after the Issuance Date all outstanding ADSs are exchanged for Ordinary Shares and this Warrant then becomes exercisable for Ordinary Shares, then (i) the number of Ordinary Shares to be delivered upon exercise of this Warrant will equal the number of Ordinary Shares underlying the Warrant Shares issuable upon exercise of this Warrant immediately prior to such change (without regard to any limitation on exercise set forth herein), (ii) the Exercise Price any other prices referenced herein shall be proportionately adjusted to reflect the price per Ordinary Share rather than the price per ADS and

(ii) all references to ADSs adjusted to appropriately reference Ordinary Shares. Following such adjustments, the total number or Warrant Shares underlying the this Warrant and the aggregate Exercise Price for this Warrant remain unchanged.

(f) Intentionally omitted.

(g) Other Events. If any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company's Board of Directors will make an appropriate adjustment in the Exercise Price and the number of Warrant Shares, as mutually determined by the Company's Board of Directors and the Required Holders, so as to protect the rights of the Holder; provided that no such adjustment pursuant to this Section 2(g) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to any or all holders of Ordinary Shares or ADSs, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property, Options, evidence of indebtedness or any other assets by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the Shares Closing Date, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein as if the Holder had held the number of Ordinary Shares underlying the Warrant Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Ordinary Shares or ADSs, as applicable, are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to such extent (and shall not be entitled to beneficial ownership of such Ordinary Shares as a result of such Distribution (and beneficial ownership) to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Distribution (and any Distributions declared or made on such initial Distribution or on any subsequent Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS; CHANGE OF CONTROL.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time following the Shares Closing Date the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Ordinary Shares or ADSs (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the

aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Ordinary Shares underlying the Warrant Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Ordinary Shares or ADSs, as applicable, are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to such extent (and shall not be entitled to beneficial ownership of such Ordinary Shares as a result of such Purchase Right (and beneficial ownership) to such extent) and such Purchase Right to such extent shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance) to the same extent as if there had been no such limitation).

(b) Fundamental Transactions. If, at any time after the Issuance Date until this Warrant ceases to be outstanding, a Fundamental Transaction occurs or is consummated, then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 1(f) on the exercise of this Warrant), the number of shares of capital stock of the successor or acquiring corporation or of ADSs of the Company, if it is the surviving corporation, and any additional consideration (the "**Alternate Consideration**") receivable as a result of such Fundamental Transaction by a holder of the number of ADSs for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 1(f) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one ADS in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of ADSs are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any Successor Entity to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance reasonably satisfactory to the Required Holders and approved by the Required Holders (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its Parent Entity) equivalent to the ADSs acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but

taking into account the relative value of the ADSs pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Required Holders. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company in this Warrant.

(c) Notwithstanding the foregoing, in the event of a Change of Control, at the request of the Holder delivered before the ninetieth (90th) day after the occurrence or consummation of such Change of Control, the Company (or the Successor Entity) shall purchase this Warrant from the Holder by paying to the Holder, within five (5) Business Days after such request (or, if later, on the effective date of the Change of Control), cash in an amount equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the effective date of such Change of Control; provided, however, that, if such Change of Control is not within the Company's control, including not approved by the Company's Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity, the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of ADSs of the Company in connection with such Change of Control, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of ADSs are given the choice to receive from among alternative forms of consideration in connection with such Change of Control; provided, further, that if holders of ADSs of the Company are not offered or paid any consideration in such Change of Control, such holders of ADSs will be deemed to have received common stock of the Successor Entity (which Successor Entity may be the Company following such Change of Control) in such Change of Control. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five (5) Business Days of the Holder's election and (ii) the date of consummation of the applicable Change of Control.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any Ordinary Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that

the Company may validly and legally issue fully paid and nonassessable Ordinary Shares underlying the Warrant Shares issuable upon the exercise of this Warrant, and (iii) shall, so long as any of the SPA Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued Ordinary Shares, solely for the purpose of effecting the exercise of the SPA Warrants, the Required Reserve Amount of Ordinary Shares.

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder

at the time of such surrender; provided, however, that no SPA Warrants for fractional Warrant Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of ADSs underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 10(f) of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) Business Days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Ordinary Shares or ADSs, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of Ordinary Shares or ADSs or (C) for determining rights to vote with respect to any Fundamental Transaction, Change of Control, dissolution or liquidation; provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder. It is expressly understood and agreed that the time of exercise specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder.

10. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or

proceeding is improper. The Company hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth in Section 10(f) of the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

11. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and all of the Buyers and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

12. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall cause the Transfer Agent to issue to the Holder the number of Warrant Shares that is not disputed and the Company shall submit the disputed determinations or arithmetic calculations via electronic mail within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within one (1) Business Day of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within one (1) Business Day submit via electronic mail (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Holder and approved by the Company, such approval not to be unreasonably withheld, conditioned or delayed or (b) the disputed arithmetic calculation of the Warrant Shares to an independent, outside accountant, selected by the Holder and approved by the Company, such approval not to be unreasonably withheld, conditioned or delayed. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

13. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief). No remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy. Nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law

for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

14. TRANSFER. This Warrant and the Warrant Shares may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company, except as may otherwise be required by Section 2(f) of the Securities Purchase Agreement.

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

16. DISCLOSURE. Upon receipt or delivery by the Company of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries, the Company shall contemporaneously with any such receipt or delivery publicly disclose such material, nonpublic information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, nonpublic information relating to the Company or its Subsidiaries, the Company so shall indicate to the Holder contemporaneously with delivery of such notice, and in the absence of any such indication, the Holder shall be allowed to presume that all matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries.

17. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Warrant is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Warrant or to enforce the provisions of this Warrant or (b) there occurs any bankruptcy, reorganization, receivership of the company or other proceedings affecting company creditors' rights and involving a claim under this Warrant, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements.

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

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale in accordance with Section 2(a)(i) or Section 2(a)(ii)) of Ordinary Shares (other than rights of the type described in Section 3 and 4 hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(c) "**ADS**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(d) "**Affiliate**" shall have the meaning ascribed to such term in Rule 405 promulgated under the 1933 Act or any successor rule.

(e) "**American Depositary Shares**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(f) "**Approved Stock Plan**" means any employee benefit or incentive plan which has been approved by the Board of Directors of the Company prior to or subsequent to the Issuance Date, pursuant to which the Company's securities may be issued to any employee, officer, consultant or director for services provided to the Company.

(g) "**Attribution Parties**" means, collectively, the following Persons: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Person whose beneficial ownership of the Ordinary Shares would or could be aggregated with the Holder's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(h) "**Bid Price**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the ADSs are then listed or quoted on an Eligible Market, the bid price of the ADSs for the time in question (or the nearest preceding date) on the Eligible Market on which the ADSs are then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the ADSs are not then listed or quoted for trading on OTCQB or OTCQX and if prices for the ADSs are then reported in the Pink Open Market (f/k/a OTC Pink) published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per ADS so reported, or (c) in all other cases, the fair market value of an ADS as determined by an independent appraiser selected in good faith by the Required Holders and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(i) "**Black Scholes Consideration Value**" means the value of the applicable Option or Adjustment Right (as the case may be) calculated using the Black-Scholes

Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the date of issuance and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of such Option or Adjustment Right (as the case may be) as of the date of issuance of such Option or Adjustment Right (as the case may be), (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the issuance of such Option or Adjustment Right (as the case may be), or, if the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of issuance of such Option or Adjustment Right (as the case may be), (iii) the underlying price per ADS used in such calculation shall be the highest Weighted Average Price of the ADSs during the period beginning on the Trading Day prior to the execution of definitive documentation relating to the issuance of such Option or Adjustment Right (as the case may be) and ending on (A) the Trading Day immediately following the public announcement of the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be), or, (B) if the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of such issuance, (iv) a remaining option time equal to the time between the date of the public announcement of the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) or, if the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of such issuance, (v) a zero cost of borrow and (vi) a 365 day annualization factor.

(j) "**Black Scholes Value**" means the value of this Warrant calculated using the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day immediately following the public announcement of the applicable contemplated Change of Control, or, if such contemplated Change of Control is not publicly announced, the date such Change of Control has occurred or is consummated, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of such date of request, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable contemplated Change of Control, or, if such contemplated Change of Control is not publicly announced, the date such Change of Control has occurred or is consummated, (iii) the underlying price per ADS used in such calculation shall be the greater of (x) the highest Weighted Average Price of the ADSs during the period beginning on the Trading Day prior to the execution of definitive documentation relating to the applicable Change of Control and ending on (A) the Trading Day immediately following the public announcement of such contemplated Change of Control, if the applicable contemplated Change of Control is publicly announced or (B) the Trading Day immediately following the consummation of the applicable Change of Control if the applicable contemplated Change of Control is not publicly announced and (y) the sum of the price per ADS being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Change of Control, (iv) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Change of Control or, if such applicable contemplated Change of Control is not publicly announced, the date such Change of Control has occurred or is consummated, (v) a zero cost of borrow and (vi) a 365 day annualization factor.

(k) "**Bloomberg**" means Bloomberg Financial Markets.

(l) "**Bridge Securities Purchase Agreement**" means that certain Securities Purchase Agreement dated as of March 24, 2021 by and between Quoin Pharmaceuticals, Inc. and the investors listed on the signature page attached thereto.

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

(n) "**Change of Control**" means any Fundamental Transaction other than (i) any reorganization, recapitalization or reclassification of the Ordinary Shares in which holders of the Company's voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respect, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification or (ii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company. Notwithstanding anything herein to the contrary, any transaction or series of transaction that, directly or indirectly, results in the Company or the Successor Entity not having ADSs, Ordinary Shares or common stock, as applicable, registered under the 1934 Act and listed on an Eligible Market shall be deemed a Change of Control.

(o) "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for Ordinary Shares or ADSs.

(p) "**Eligible Market**" means the Principal Market, the NYSE American, The Nasdaq Capital Market, The Nasdaq Global Market or The New York Stock Exchange.

(q) Intentionally omitted.

(h) Intentionally omitted.

(r) Intentionally omitted.

(s) "**Exchange Warrants**" shall mean the Warrants to purchase shares of common stock, par value $0.01 per share, of Quoin Pharmaceuticals, Inc. issued pursuant to the Bridge Securities Purchase Agreement, which upon consummation of the transactions contemplated by the Merger Agreement will be exchanged for identical Warrants issued by the Company to purchase ADSs (with references to shares of such common stock appropriately adjusted to reference ADSs and with share amounts and share prices adjusted to reflect the

Exchange Ratio (as defined in the Merger Agreement)), which form is attached as Exhibit F to the Securities Purchase Agreement.

(t) "**Excluded Securities**" means any Ordinary Shares issued or issuable or deemed to be issued in accordance with Section 2(a)(i) or Section 2(a)(ii) by the Company: (i) under any Approved Stock Plan; provided, however, that no more than three percent (3.0%) of the number of Ordinary Shares (as adjusted for any stock dividend, stock split, stock combination, reclassification or similar transaction occurring relating to the Ordinary Shares after the Shares Closing Date (as defined in the Securities Purchase Agreement)) issued and outstanding as of the Shares Closing Date are issued or issuable to consultants pursuant to an Approved Stock Plan hereunder as Excluded Securities, (ii) upon exercise of any SPA Warrants, any Series B Warrants, any Series C Warrants and any Exchange Warrants; provided, that the terms of such SPA Warrants, Series B Warrants, Series C Warrants and Exchange Warrants are not amended, modified or changed on or after the Subscription Date, (iii) upon conversion, exercise or exchange of any Options or Convertible Securities which are outstanding on the day immediately preceding the Subscription Date; provided, that such issuance of Ordinary Shares upon exercise of such Options or Convertible Securities is made pursuant to the terms of such Options or Convertible Securities in effect on the date immediately preceding the Subscription Date and such Options or Convertible Securities are not amended, modified or changed on or after the Subscription Date, (iv) pursuant to the Merger Agreement or the Form F-4 (as defined in the Securities Purchase Agreement) or (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a Person which is, itself or through its Subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall be entered into for bona fide reasons other than capital raising and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities for the purpose of raising capital or to an entity whose primary business is investing in securities.

(u) "**Expiration Date**" means the date sixty (60) months after the Warrant Closing Date (as defined in the Securities Purchase Agreement) or, if such date falls on a Holiday, the next day that is not a Holiday.

(v) "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Ordinary Shares be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding Ordinary Shares, (y) 50% of the outstanding Ordinary Shares calculated as if any Ordinary Shares held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of Ordinary Shares such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the

beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Ordinary Shares, or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding Ordinary Shares, (y) at least 50% of the outstanding Ordinary Shares calculated as if any Ordinary Shares held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of Ordinary Shares such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Ordinary Shares, or (v) reorganize, recapitalize or reclassify its Ordinary Shares, (B) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding Ordinary Shares, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares not held by all such Subject Entities as of the Subscription Date calculated as if any Ordinary Shares held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other stockholders of the Company to surrender their Ordinary Shares without approval of the stockholders of the Company or (C) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction. For the avoidance of doubt, in no event shall the Merger (as defined in the Merger Agreement) completed on or before the Issuance Date be deemed to be a "Fundamental Transaction."

(w) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(x) "**Holiday**" means a day other than a Business Day or on which trading does not take place on the Principal Market.

(y) "**Lead Investor**" means Altium Growth Fund, LP.

(z) "**Merger Agreement**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(aa) "**Options**" means any rights, warrants or options to subscribe for or purchase (i) Ordinary Shares or ADSs or (ii) Convertible Securities.

(bb) "**Ordinary Shares**" means (i) the Company's ordinary shares, no par value per share, including, without limitation, the Company's ordinary shares, no par value per share, underlying ADSs and (ii) any share capital into which such Ordinary Shares shall be changed or any share capital resulting from a reclassification, reorganization or recapitalization of such Ordinary Shares.

(cc) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person, including such entity whose common capital or equivalent equity security is quoted or listed on an Eligible Market (or, if so elected by the Holder, any other market, exchange or quotation system), or, if there is more than one such Person or such entity, the Person or such entity designated by the Required Holders or in the absence of such designation, such Person or entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction or Change of Control, as applicable.

(dd) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(ee) "**Principal Market**" means The Nasdaq Global Select Market or, if The Nasdaq Global Select Market is not, as of the applicable date of determination, the primary Eligible market with respect to the ADSs, then such primary Eligible Market.

(ff) Intentionally omitted.

(gg) Intentionally omitted.

(hh) "**Registration Rights Agreement**" means that certain Registration Rights Agreement dated as of the Subscription Date by and among the Company and the Buyers, as may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

(ii) "**Registration Statement**" shall have the meaning ascribed to such term in the Registration Rights Agreement.

(jj) "**Required Holders**" means the holders of the SPA Warrants representing at least a majority of the Ordinary Shares underlying the Warrant Shares issuable upon exercise of the SPA Warrants then outstanding (without regard to any limitation on exercise set forth therein) and shall include the Lead Investor so long as the Lead Investor or any of its Affiliates holds any SPA Warrants.

(kk) "**Rule 144**" means Rule 144 promulgated under the 1933 Act or any successor rule.

(ll) Intentionally omitted.

(mm) "**Series B Warrants**" shall have the meaning ascribed to such term in the Securities Purchase Agreement, including pursuant to Section 1(g) thereof.

(nn) "**Series C Warrants**" shall have the meaning ascribed to such term in the Securities Purchase Agreement, including pursuant to Section 1(g) thereof.

(oo) "**Share Delivery Date**" means the earlier of (i) the second (2nd) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case, following the date on which the Holder delivers the applicable Exercise Notice to the Company, so long as the Holder delivers the applicable Aggregate Exercise Price (or notice of a Cashless Exercise) on or prior to the earlier of (i) the second (2nd) Trading Day following the date on which the Holder has delivered the applicable Exercise Notice to the Company and (ii) the number of Trading Days comprising the Standard Settlement Period following the date on which the Holder has delivered the applicable Exercise Notice to the Company (provided that if the applicable Aggregate Exercise Price (or applicable notice of a Cashless Exercise) has not been delivered to the Company by such date, the applicable Share Delivery Date shall be one (1) Trading Day after the Holder has delivered the applicable Aggregate Exercise Price (or applicable notice of a Cashless Exercise) to the Company.

(pp) "**Shares Closing Date**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(qq) "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Principal Market with respect to the ADSs as in effect on the date of delivery of the applicable Exercise Notice.

(rr) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(ss) "**Subsidiary**" means any entity in which the Company, directly or indirectly, owns any of the capital stock or holds an equity or similar interest.

(tt) "**Successor Entity**" means one or more Person or Persons (or, if so elected by the Holder, the Company or Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or Change of Control, as applicable, or one or more Person or Persons (or, if so elected by the Holder, the Company or the Parent Entity) with which such Fundamental Transaction or Change of Control, as applicable, shall have been entered into.

(uu) "**taxes**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(vv) "**Trading Day**" means any day on which the ADSs are traded on the Principal Market.

(ww) "**Weighted Average Price**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00 p.m., New York time (or such other

time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00 p.m., New York time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the OTC Link or Pink Open Market (f/k/a OTC Pink) published by the OTC Markets Group, Inc. (or similar organization or agency succeeding to its functions of reporting prices). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 12 with the term "Weighted Average Price" being substituted for the term "Exercise Price." All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction relating to the Ordinary Shares and/or the ADSs, as applicable, during the applicable calculation period.

**[Signature Page Follows]**

**IN WITNESS WHEREOF,** the Company has caused this Warrant to Purchase American Depositary Shares to be duly executed as of the Issuance Date set out above.

**QUOIN PHARMACEUTICALS LTD.**

By: _____
Name:
Title:

**EXHIBIT A**

**EXERCISE NOTICE**

**TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE AMERICAN DEPOSITARY SHARES**

**QUOIN PHARMACEUTICALS LTD.**

The undersigned holder hereby exercises the right to purchase _____ American Depositary Shares ("**Warrant Shares**") of Quoin Pharmaceuticals Ltd., an Israeli company formerly known as Cellect Biotechnology Ltd. (the "**Company**"), evidenced by the attached Warrant to Purchase American Depositary Shares (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

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

   _____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

   _____ a "Cashless Exercise" with respect to _____ Warrant Shares, resulting in a delivery obligation of the Company to the Holder of _____ ADSs representing the applicable Net Number.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

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

4. Please issue the ADSs into which the Warrant is being exercised to the Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to: _____

_____

Address: _____

Telephone Number: _____

Email Address: _____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: _____

DTC Number: _____
Account Number: _____

Authorization:
By: _____
Title: _____
Dated:
Account Number (if electronic book entry transfer):
Transaction Code Number (if electronic book entry transfer): _____

Date: _____, ___

_____
Name of Registered Holder

By: _____
Name:
Title:

## ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs Computershare Shareowner Services LLC to issue the above indicated number of ADSs in accordance with the Transfer Agent Instructions dated as of March 21, 2022 from the Company and acknowledged and agreed to by Computershare Shareowner Services LLC.

**QUOIN PHARMACEUTICALS LTD.**

By: _____
Name:
Title:

**NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER, IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD (X) PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT OR (Y) TO AN ACCREDITED INVESTOR IN A PRIVATE TRANSACTION. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.**

# QUOIN PHARMACEUTICALS LTD.

## FORM OF SERIES B WARRANT TO PURCHASE AMERICAN DEPOSITARY SHARES

Warrant No.: B-__
Date of Issuance: _____ ("**Issuance Date**")

Quoin Pharmaceuticals Ltd., an Israeli company formerly known as Cellect Biotechnology Ltd. (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, _____ the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the Issuance Date, but not after 11:59 p.m., New York time, on the Expiration Date, (as defined below), _____fully paid nonassessable ADSs, subject to adjustment as provided herein (the "**Warrant Shares**" and such initial number of Warrant Shares, as adjusted pursuant to Section 2. Except as otherwise defined herein, capitalized terms in this Warrant to Purchase American Depositary Shares (including any Warrants to Purchase American Depositary Shares issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section 18. This Warrant is one of the Series B Warrants to purchase American Depositary Shares (the "**SPA Warrants**") issued pursuant to Section 1 of that certain Securities Purchase Agreement, dated as of March 24, 2021 (the "**Subscription Date**"), by and among the Company, Quoin Pharmaceuticals, Inc., a Delaware corporation, and the investors (the "**Buyers**") referred to therein (as may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms, the "**Securities Purchase Agreement**"). Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to such terms in the Securities Purchase Agreement.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder at any time or times on or after the Issuance Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) (A) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds or (B) if the provisions of Section 1(d) are applicable, by notifying the Company that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 1(d)(1)) or an Alternate Cashless Exercise (as defined in Section 1(d)(2)). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder, nor shall any ink-original signature or medallion guarantee (or other type of guarantee or notarization) with respect to any Exercise Notice be required. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the first (1st) Trading Day following the date on which the Holder has delivered the applicable Exercise Notice to the Company, the Company shall transmit by electronic mail an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the applicable Share Delivery Date, the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and (A) the applicable Warrant Shares are subject to an effective resale registration statement in favor of the Holder or (B) if exercised via Cashless Exercise or Alternate Cashless Exercise, at a time when Rule 144 would be available for resale of the applicable Warrant Shares by the Holder, credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or (A) the applicable Warrant Shares are not subject to an effective resale registration statement in favor of the Holder and (B) if exercised via Cashless Exercise or Alternate Cashless Exercise, at a time when Rule 144 would not be available for resale of the applicable Warrant Shares by the Holder, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise. The Company shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Shares via DTC, if any, including, without limitation, for same day processing. Upon delivery of the Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than five (5) Trading Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of

Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant (other than the Holder's income taxes). The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination. While any SPA Warrants remain outstanding, the Company shall use a transfer agent that participates in the DTC Fast Automated Securities Transfer Program.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $3.98 per ADS, subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail for any reason or for no reason to issue to the Holder on or prior to the applicable Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, a certificate for the number of ADSs to which the Holder is entitled and register such ADSs on the Company's share register or if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, to credit the Holder's balance account with DTC, for such number of ADSs to which the Holder is entitled upon the Holder's exercise of this Warrant or (II) if the Registration Statement covering the resale of the Warrant Shares that are the subject of the Exercise Notice (the "**Unavailable Warrant Shares**") is not available for the resale of such Unavailable Warrant Shares and the Company fails to promptly, but in no event later than as is required pursuant to the Registration Rights Agreement (x) so notify the Holder in writing and (y) deliver the Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, an "**Exercise Failure**"), then, in addition to all other remedies available to the Holder, (X) the Company shall pay in cash to the Holder on each day after the applicable Share Delivery Date and during such Exercise Failure an amount equal to 1.5% of the product of (A) the number of Warrant Shares not issued to the Holder on or prior to the applicable Share Delivery Date and to which the Holder is entitled, and (B) any trading price of the ADSs selected by the Holder in writing as in effect at any time during the period beginning on the applicable date of delivery of the applicable Exercise Notice and ending on the applicable Share Delivery Date, and (Y) the Holder, upon written notice to the Company, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the voiding of an Exercise Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. In addition to the foregoing, if on or prior to the applicable Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, the Company shall fail to issue and deliver a certificate to the Holder and register such ADSs on the Company's share register or, if the Transfer Agent is

participating in the DTC Fast Automated Securities Transfer Program, credit the Holder's balance account with DTC for the number of ADSs to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Company's obligation pursuant to clause (ii) below or (II) a Notice Failure occurs, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) ADSs relating to the applicable Exercise Failure (a "**Buy-In**"), then the Company shall, within five (5) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the ADSs so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such ADSs) or credit the Holder's balance account with DTC for such ADSs shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such ADSs or credit the Holder's balance account with DTC, as applicable, and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of ADSs, times (B) any trading price of the ADS selected by the Holder in writing as in effect at any time during the period beginning on the date of delivery of the applicable Exercise Notice and ending on the applicable Share Delivery Date. Nothing herein shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing ADSs (or to electronically deliver such ADSs) upon the exercise of this Warrant as required pursuant to the terms hereof. Notwithstanding the forgoing, any payments made by the Company to the Holder pursuant to this Section 1(c) shall be made without withholding or deduction for any taxes (as defined in the Securities Purchase Agreement), unless required by law, in which case the Company will pay such additional amounts as will result, after such withholding or deduction, in the receipt by the Holder of the amounts that would otherwise have been receivable in respect thereof.

(d) Cashless Exercise.

(1) Notwithstanding anything contained herein to the contrary, if at any time following the earlier of (x) April 28, 2022 and (y) the Demand Effectiveness Deadline (as defined in the Registration Rights Agreement) of the Demand Registration Statement (as defined in the Registration Rights Agreement), if any, filed to register the Unavailable Warrant Shares for resale by the Holder, a Registration Statement covering the resale of the Unavailable Warrant Shares is not available for the resale of such Unavailable Warrant Shares, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of ADSs determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of ADSs with respect to which this Warrant is then being exercised.

B= as applicable: (i) the Weighted Average Price of the ADSs on the Trading Day immediately preceding the date of the applicable Exercise Notice if such Exercise Notice is (1) both executed and delivered pursuant to Section 1(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 1(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(68) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (x) the Weighted Average Price of the ADSs on the Trading Day immediately preceding the date of the applicable Exercise Notice or (y) the Bid Price of the ADSs on the principal trading market for the ADSs as reported by Bloomberg as of the time of the Holder's execution of the applicable Exercise Notice if such Exercise Notice is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 1(a) hereof or (iii) the Weighted Average Price of the ADSs on the date of the applicable Exercise Notice if the date of such Exercise Notice is a Trading Day and such Exercise Notice is both executed and delivered pursuant to Section 1(a) hereof after the close of "regular trading hours" on such Trading Day.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(2) Notwithstanding the foregoing, if on any Trading Day after April 28, 2022 the Weighted Average Price of the ADSs is less than the Exercise Price for five (5) consecutive Trading Days, the Holder shall have the right, at any time while the Weighted Average Price of the ADSs is less than the Exercise Price, at the Holder's sole option and as elected by the Holder on the applicable Exercise Notice, to effect a Cashless Exercise hereunder, in whole or in part, but in lieu of receiving such aggregate number of Warrant Shares as described in the formula set forth in Section 1(d)(1), the Holder shall receive 1.0 ADS for each Warrant Share being exercised hereunder in such Cashless Exercise (each, an "**Alternate Cashless Exercise**").

(3) For purposes of Rule 144(d), the Company hereby acknowledges and agrees that the Warrant Shares issued in a Cashless Exercise or an Alternate Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares for purposes of Rule 144(d), shall be deemed to have commenced, on the Shares Closing Date. The Company agrees not to take any position contrary to this Section 1(d) as long as the rules and interpretations of the SEC in effect as of the Subscription Date remain unchanged in this respect.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 12.

(f) Beneficial Ownership Limitation on Exercises. Notwithstanding anything to the contrary contained herein, the Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 4.99% (the "**Maximum Percentage**") of the number of Ordinary Shares outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of Ordinary Shares beneficially owned by the Holder and the other Attribution Parties shall include the number of Ordinary Shares held by the Holder and all other Attribution Parties plus the number of Ordinary Shares underlying the Warrant Shares issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude the number of Ordinary Shares which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred stock or warrants, including the Series A Warrants, Series C Warrants and the Exchange Warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 1(f). For purposes of this Section 1(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"). For purposes of this Warrant, in determining the number of outstanding Ordinary Shares the Holder may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding Ordinary Shares as reflected in (x) the Company's most recent Annual Report on Form 20-F, Report of Foreign Private Issuer on Form 6-K or other public filing with the Securities and Exchange Commission (the "**SEC**"), as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent setting forth the number of Ordinary Shares outstanding (the "**Reported Outstanding Share Number**"). If the Company receives an Exercise Notice from the Holder at a time when the actual number of outstanding Ordinary Shares is less than the Reported Outstanding Share Number, the Company shall (i) promptly notify the Holder in writing of the number of Ordinary Shares then outstanding and, to the extent that such Exercise Notice would otherwise cause the Holder's beneficial ownership, as determined pursuant to this Section 1(f), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of Warrant Shares to be purchased pursuant to such Exercise Notice (the number of Warrant Shares by which such purchase is reduced, the "**Reduction Shares**") and (ii) as soon as reasonably practicable, the Company shall return to the Holder any exercise price paid by the Holder for the Reduction Shares. For any reason at any time, upon the written or oral request of the Holder, the Company shall within two (2) Trading Days confirm in writing by electronic mail to the Holder the number of Ordinary Shares then outstanding. In any case, the number of outstanding Ordinary Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of Warrant Shares to the Holder upon exercise of this Warrant results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding Ordinary Shares (as determined under Section 13(d) of the 1934

Act), the number of Warrant Shares so issued by which the Holder's and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio and any portion of this Warrant so exercised shall be reinstated, and the Holder shall not have the power to vote or to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return to the Holder the exercise price paid by the Holder for the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from time to time increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of SPA Warrants that is not an Attribution Party of the Holder. For purposes of clarity, the Ordinary Shares underlying the Warrant Shares issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(f) to the extent necessary to correct this paragraph or any portion of this paragraph which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 1(f) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Warrant.

(g) Insufficient Authorized Shares. If at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved Ordinary Shares to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of Ordinary Shares equal to the maximum number of Ordinary Shares as shall from time to time be necessary to effect the exercise in full of all of this Warrant then outstanding without regard to any limitation on exercise set forth herein and assuming that the Series C Warrant has been exercised in full by paying the Aggregate Exercise Price (as defined in the Series C Warrants) in cash (without giving effect to any limitation on exercise set forth therein) (the "**Required Reserve Amount**" and the failure to have such sufficient number of authorized and unreserved Ordinary Shares, an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized Ordinary Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized Ordinary Shares. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized Ordinary Shares and to cause its board of directors to recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, if any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of its issued and outstanding Ordinary Shares to approve the increase in the number of authorized Ordinary Shares,

the Company may satisfy this obligation by obtaining such consent and submitting for filing with the SEC an Information Statement on Schedule 14C. In the event that upon any exercise of this Warrant, the Company does not have sufficient authorized Ordinary Shares to deliver Warrant Shares in satisfaction of such exercise, then unless the Holder elects to void such attempted exercise, the Holder may require the Company to pay to the Holder within five (5) Trading Days of the applicable exercise, cash in an amount equal to the product of (i) the number of Warrant Shares that the Company is unable to deliver pursuant to this Section 1(g) and (ii) the highest Weighted Average Price of the ADSs during the period beginning on the date of such attempted exercise and the date that the Company makes the applicable cash payment.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Adjustment Upon Issuance of Ordinary Shares. If and whenever on or after the Subscription Date, except for the issuance or deemed issuance of Excluded Securities, the Company publicly announces, issues or sells, enters into a definitive, binding agreement pursuant to which the Company is required to issue or sell or, in accordance with this Section 2(a), is deemed to have issued or sold, any Ordinary Shares (including the issuance or sale of Ordinary Shares owned or held by or for the account of the Company, but excluding, for the avoidance of doubt, Ordinary Shares deemed to have been issued or sold by the Company in connection with any Excluded Securities) for a consideration per Ordinary Share (the "**New Issuance Price**") less than a price (the "**Applicable Price**") equal to the quotient obtained by dividing (x) the Exercise Price in effect immediately prior to such public announcement, issue or sale or deemed issuance or sale or entry into such a definitive, binding agreement, by (y) the ratio of Ordinary Shares per ADS (which ratio shall, initially, be equal to four hundred (400)) (the foregoing a "**Dilutive Issuance**"), then immediately after such Dilutive Issuance, the Exercise Price then in effect shall be reduced to an amount equal to the product obtained by multiplying (x) the New Issuance Price, by (y) the ratio of Ordinary Shares per ADS (which ratio shall, initially, be equal to four hundred (400)). For purposes of determining the adjusted Exercise Price under this Section 2(a), the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants or sells or enters into a definitive, binding agreement pursuant to which the Company is required to grant or sell, or the Company publicly announces the issuance or sale of, any Options and the lowest price per Ordinary Share for which one Ordinary Share is issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option is less than the Applicable Price, then such Ordinary Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting or sale of such Option for such price per Ordinary Share. For purposes of this Section 2(a)(i), the "lowest price per Ordinary Share for which one Ordinary Share is issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option" shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one Ordinary Share upon the granting or sale of the Option, upon exercise of the Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option less any

consideration paid or payable by the Company with respect to such one Ordinary Share upon the granting or sale of such Option, upon exercise of such Option and upon conversion exercise or exchange of any Convertible Security issuable upon exercise of such Option. No further adjustment of the Exercise Price shall be made upon the actual issuance of such Ordinary Shares or of such Convertible Securities upon the exercise of such Options or upon the actual issuance of such Ordinary Share upon conversion, exercise or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells, or enters into a definitive, binding agreement pursuant to which the Company is required to grant or sell or the Company publicly announces the issuance or sale of, any Convertible Securities and the lowest price per Ordinary Share for which one Ordinary Share is issuable upon the conversion, exercise or exchange thereof is less than the Applicable Price, then such Ordinary Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale of such Convertible Securities for such price per Ordinary Share. For the purposes of this Section 2(a)(ii), the "lowest price per Ordinary Share for which one Ordinary Share is issuable upon the conversion, exercise or exchange thereof" shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one Ordinary Share upon the issuance or sale of the Convertible Security and upon conversion, exercise or exchange of such Convertible Security less any consideration paid or payable by the Company with respect to such one Ordinary Share upon the issuance or sale of such Convertible Security and upon conversion, exercise or exchange of such Convertible Security. No further adjustment of the Exercise Price shall be made upon the actual issuance of such Ordinary Shares upon conversion, exercise or exchange of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of this Warrant has been or is to be made pursuant to other provisions of this Section 2(a), no further adjustment of the Exercise Price shall be made by reason of such issue or sale.

(iii)Change in Option Price or Rate of Conversion. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exercisable or exchangeable for Ordinary Shares increases or decreases at any time, the Exercise Price in effect at the time of such increase or decrease shall be adjusted to the Exercise Price, which would have been in effect at such time had such Options or Convertible Securities provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 2(a)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Subscription Date are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Ordinary Shares deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 2(a) shall be made if such adjustment would result in an increase of the Exercise Price then in effect.

(iv) Calculation of Consideration Received. If any Option and/or Convertible Security and/or Adjustment Right is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (as reasonably determined by the Holder, the "**Primary Security**", and such Option and/or Convertible Security and/or Adjustment Right, the "**Secondary Securities**"), together comprising one integrated transaction, (or one or more transactions if such issuances or sales or deemed issuances or sales of securities of the Company either (A) have at least one investor or purchaser in common, (B) are consummated in reasonable proximity to each other and/or (C) are consummated under the same plan of financing) the aggregate consideration per Ordinary Share with respect to such Primary Security shall be deemed to be equal to the difference of (x) the lowest price per Ordinary Share for which one Ordinary Share was issued (or was deemed to be issued pursuant to Section 2(a)(i) or Section 2(a)(ii), as applicable) in such integrated transaction solely with respect to such Primary Security, minus (y) with respect to such Secondary Securities, the sum of (I) the Black Scholes Consideration Value of each such Option, if any, (II) the fair market value (as determined by the Holder in good faith) or the Black Scholes Consideration Value, as applicable, of such Adjustment Right, if any, and (III) the fair market value (as determined by the Holder) of such Convertible Security, if any, in each case, as determined on a per Ordinary Share basis in accordance with this Section 2(a)(iv). If any Ordinary Shares, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor (for the purpose of determining the consideration paid for such Ordinary Shares, Option or Convertible Security, but not for the purpose of the calculation of the Black Scholes Consideration Value) will be deemed to be the net amount of consideration received by the Company therefor. If any Ordinary Shares, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company (for the purpose of determining the consideration paid for such Ordinary Shares, Option or Convertible Security, but not for the purpose of the calculation of the Black Scholes Consideration Value) will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the Weighted Average Prices of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any Ordinary Shares, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor (for the purpose of determining the consideration paid for such Ordinary Shares, Option or Convertible Security, but not for the purpose of the calculation of the Black Scholes Consideration Value) will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Ordinary Shares, Options or Convertible Securities (as the case may be). The fair value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "**Valuation Event**"), the fair value of such consideration will be determined within five (5) Trading Days after the tenth ($10^{th}$) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be final and binding upon all parties absent manifest

error and the fees and expenses of such appraiser shall be borne by the Company. Notwithstanding anything to the contrary contained herein, if a calculation pursuant to this Section 2(a)(iv) would result in an Exercise Price that is lower than the par value of the Ordinary Shares, then the Exercise Price shall be deemed to equal the par value of the Ordinary Shares.

(v) Record Date. If the Company takes a record of the holders of Ordinary Shares or ADSs for the purpose of entitling them (A) to receive a dividend or other distribution payable in ADSs, Ordinary Shares, Options or in Convertible Securities or (B) to subscribe for or purchase ADSs, Ordinary Shares, Options or Convertible Securities, then such record date will be deemed to be the date of the issue or sale of the ADSs or Ordinary Shares deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(vi)No Readjustments. For the avoidance of doubt, in the event the Exercise Price has been adjusted pursuant to this Section 2(a) and the Dilutive Issuance that triggered such adjustment does not occur, is not consummated, is unwound or is cancelled after the facts for any reason whatsoever, in no event shall the Exercise Price be readjusted to the Exercise Price that would have been in effect if such Dilutive Issuance had not occurred or been consummated.

(b) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant, with the prior written consent of the Holder, (i) reduce the then current Exercise Price and/or (ii) increase the then current number of Warrant Shares, in each case, to any amount or number and for any period of time deemed appropriate by the Board of Directors of the Company.

(c) Adjustment Upon Subdivision or Combination of Ordinary Shares or ADSs. If the Company at any time on or after the Shares Closing Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding Ordinary Shares or ADSs into a greater number of Ordinary Shares or ADSs, as applicable, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Shares Closing Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding Ordinary Shares or ADSs into a smaller number of Ordinary Shares or ADSs, as applicable, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) Change in ADS Ratio. If after the Issuance Date the ratio of ADSs to Ordinary Shares is increased or reduced, then the number of Warrant Shares to be delivered upon exercise of this Warrant will be reduced or increased (respectively) in inverse proportion to the change in the such ratio and the Exercise Price per Warrant will be increased or reduced (respectively) in proportion to the change in Ordinary Shares per ADS, so that the total number or

Warrant Shares underlying the this Warrant and the aggregate Exercise Price for this Warrant remain unchanged.

(e) Change from ADSs to Ordinary Shares. If after the Issuance Date all outstanding ADSs are exchanged for Ordinary Shares and this Warrant then becomes exercisable for Ordinary Shares, then (i) the number of Ordinary Shares to be delivered upon exercise of this Warrant will equal the number of Ordinary Shares underlying the Warrant Shares issuable upon exercise of this Warrant immediately prior to such change (without regard to any limitation on exercise set forth herein), (ii) the Exercise Price any other prices referenced herein shall be proportionately adjusted to reflect the price per Ordinary Share rather than the price per ADS and (ii) all references to ADSs adjusted to appropriately reference Ordinary Shares. Following such adjustments, the total number or Warrant Shares underlying the this Warrant and the aggregate Exercise Price for this Warrant remain unchanged.

(f) Intentionally omitted.

(g) Other Events. If any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company's Board of Directors will make an appropriate adjustment in the Exercise Price and the number of Warrant Shares, as mutually determined by the Company's Board of Directors and the Required Holders, so as to protect the rights of the Holder; provided that no such adjustment pursuant to this Section 2(g) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to any or all holders of Ordinary Shares or ADSs, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property, Options, evidence of indebtedness or any other assets by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the Shares Closing Date, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein as if the Holder had held the number of Ordinary Shares underlying the Warrant Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Ordinary Shares or ADSs, as applicable, are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to such extent (and shall not be entitled to beneficial ownership of such Ordinary Shares as a result of such Distribution (and beneficial ownership) to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Distribution (and

any Distributions declared or made on such initial Distribution or on any subsequent Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS; CHANGE OF CONTROL.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time following the Shares Closing Date the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Ordinary Shares or ADSs (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Ordinary Shares underlying the Warrant Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Ordinary Shares or ADSs, as applicable, are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to such extent (and shall not be entitled to beneficial ownership of such Ordinary Shares as a result of such Purchase Right (and beneficial ownership) to such extent) and such Purchase Right to such extent shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance) to the same extent as if there had been no such limitation).

(b) Fundamental Transactions. If, at any time after the Issuance Date until this Warrant ceases to be outstanding, a Fundamental Transaction occurs or is consummated, then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 1(f) on the exercise of this Warrant), the number of shares of capital stock of the successor or acquiring corporation or of ADSs of the Company, if it is the surviving corporation, and any additional consideration (the "**Alternate Consideration**") receivable as a result of such Fundamental Transaction by a holder of the number of ADSs for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 1(f) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one ADS in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of ADSs are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this

Warrant following such Fundamental Transaction. The Company shall cause any Successor Entity to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance reasonably satisfactory to the Required Holders and approved by the Required Holders (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its Parent Entity) equivalent to the ADSs acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the ADSs pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Required Holders. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company in this Warrant.

(c) Notwithstanding the foregoing, in the event of a Change of Control, at the request of the Holder delivered before the ninetieth (90th) day after the occurrence or consummation of such Change of Control, the Company (or the Successor Entity) shall purchase this Warrant from the Holder by paying to the Holder, within five (5) Business Days after such request (or, if later, on the effective date of the Change of Control), cash in an amount equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the effective date of such Change of Control; provided, however, that, if such Change of Control is not within the Company's control, including not approved by the Company's Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity, the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of ADSs of the Company in connection with such Change of Control, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of ADSs are given the choice to receive from among alternative forms of consideration in connection with such Change of Control; provided, further, that if holders of ADSs of the Company are not offered or paid any consideration in such Change of Control, such holders of ADSs will be deemed to have received common stock of the Successor Entity (which Successor Entity may be the Company following such Change of Control) in such Change of Control. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five (5) Business

Days of the Holder's election and (ii) the date of consummation of the applicable Change of Control.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any Ordinary Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Ordinary Shares underlying the Warrant Shares issuable upon the exercise of this Warrant, and (iii) shall, so long as any of the SPA Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued Ordinary Shares, solely for the purpose of effecting the exercise of the SPA Warrants, the Required Reserve Amount of Ordinary Shares.

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this

Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no SPA Warrants for fractional Warrant Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of ADSs underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 10(f) of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) Business Days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Ordinary Shares or ADSs, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of Ordinary Shares or ADSs or (C) for determining rights to vote with respect to any Fundamental Transaction, Change of Control, dissolution or liquidation; provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder. It is expressly understood and agreed that the time of exercise specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action

herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder.

10. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Company hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth in Section 10(f) of the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

11. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and all of the Buyers and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

12. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall cause the Transfer Agent to issue to the Holder the number of Warrant Shares that is not disputed and the Company shall submit the disputed determinations or arithmetic calculations via electronic mail within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within one (1) Business Day of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within one (1) Business Day submit via electronic mail (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Holder and approved by the Company, such approval not to be unreasonably withheld, conditioned or delayed or (b) the disputed arithmetic calculation of the Warrant Shares to an independent, outside accountant, selected by the Holder and approved by the Company, such approval not to be

unreasonably withheld, conditioned or delayed. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

13. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief). No remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy. Nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

14. TRANSFER. This Warrant and the Warrant Shares may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company, except as may otherwise be required by Section 2(f) of the Securities Purchase Agreement.

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

16. DISCLOSURE. Upon receipt or delivery by the Company of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries, the Company shall contemporaneously with any such receipt or delivery publicly disclose such material, nonpublic information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, nonpublic information relating to the Company or its Subsidiaries, the Company so shall indicate to the Holder contemporaneously with delivery of such notice, and in the absence of any such indication,

the Holder shall be allowed to presume that all matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries.

17. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Warrant is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Warrant or to enforce the provisions of this Warrant or (b) there occurs any bankruptcy, reorganization, receivership of the company or other proceedings affecting company creditors' rights and involving a claim under this Warrant, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements.

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

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale in accordance with Section 2(a)(i) or Section 2(a)(ii)) of Ordinary Shares (other than rights of the type described in Section 3 and 4 hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(c) "**ADS**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(d) "**Affiliate**" shall have the meaning ascribed to such term in Rule 405 promulgated under the 1933 Act or any successor rule.

(e) "**American Depositary Shares**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(f) "**Approved Stock Plan**" means any employee benefit or incentive plan which has been approved by the Board of Directors of the Company prior to or subsequent to the Issuance Date, pursuant to which the Company's securities may be issued to any employee, officer, consultant or director for services provided to the Company.

(g) "**Attribution Parties**" means, collectively, the following Persons: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Person whose beneficial ownership of the Ordinary Shares would or could be aggregated with the Holder's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the

foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(h) "**Bid Price**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the ADSs are then listed or quoted on an Eligible Market, the bid price of the ADSs for the time in question (or the nearest preceding date) on the Eligible Market on which the ADSs are then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the ADSs are not then listed or quoted for trading on OTCQB or OTCQX and if prices for the ADSs are then reported in the Pink Open Market (f/k/a OTC Pink) published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per ADS so reported, or (c) in all other cases, the fair market value of an ADS as determined by an independent appraiser selected in good faith by the Required Holders and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(i) "**Black Scholes Consideration Value**" means the value of the applicable Option or Adjustment Right (as the case may be) calculated using the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the date of issuance and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of such Option or Adjustment Right (as the case may be) as of the date of issuance of such Option or Adjustment Right (as the case may be), (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the issuance of such Option or Adjustment Right (as the case may be), or, if the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of issuance of such Option or Adjustment Right (as the case may be), (iii) the underlying price per ADS used in such calculation shall be the highest Weighted Average Price of the ADSs during the period beginning on the Trading Day prior to the execution of definitive documentation relating to the issuance of such Option or Adjustment Right (as the case may be) and ending on (A) the Trading Day immediately following the public announcement of the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be), or, (B) if the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of such issuance, (iv) a remaining option time equal to the time between the date of the public announcement of the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) or, if the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of such issuance, (v) a zero cost of borrow and (vi) a 365 day annualization factor.

(j) "**Black Scholes Value**" means the value of this Warrant calculated using the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day immediately following the public announcement of the applicable contemplated Change of Control, or, if such contemplated Change of Control is not publicly announced, the date such Change of Control has occurred or is consummated, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of such date of request, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as

of the Trading Day immediately following the public announcement of the applicable contemplated Change of Control, or, if such contemplated Change of Control is not publicly announced, the date such Change of Control has occurred or is consummated, (iii) the underlying price per ADS used in such calculation shall be the greater of (x) the highest Weighted Average Price of the ADSs during the period beginning on the Trading Day prior to the execution of definitive documentation relating to the applicable Change of Control and ending on (A) the Trading Day immediately following the public announcement of such contemplated Change of Control, if the applicable contemplated Change of Control is publicly announced or (B) the Trading Day immediately following the consummation of the applicable Change of Control if the applicable contemplated Change of Control is not publicly announced and (y) the sum of the price per ADS being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Change of Control, (iv) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Change of Control or, if such applicable contemplated Change of Control is not publicly announced, the date such Change of Control has occurred or is consummated, (v) a zero cost of borrow and (vi) a 365 day annualization factor.

(k) "**Bloomberg**" means Bloomberg Financial Markets.

(l) "**Bridge Securities Purchase Agreement**" means that certain Securities Purchase Agreement dated as of March 24, 2021 by and between Quoin Pharmaceuticals, Inc. and the investors listed on the signature page attached thereto.

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

(n) "**Change of Control**" means any Fundamental Transaction other than (i) any reorganization, recapitalization or reclassification of the Ordinary Shares in which holders of the Company's voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respect, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification or (ii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company. Notwithstanding anything herein to the contrary, any transaction or series of transaction that, directly or indirectly, results in the Company or the Successor Entity not having ADSs, Ordinary Shares or common stock, as applicable, registered under the 1934 Act and listed on an Eligible Market shall be deemed a Change of Control.

(o) "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for Ordinary Shares or ADSs.

(p) "**Eligible Market**" means the Principal Market, the NYSE American, The Nasdaq Capital Market, The Nasdaq Global Market or The New York Stock Exchange.

(q) Intentionally omitted.

(h) Intentionally omitted.

(r) Intentionally omitted.

(s) "**Exchange Warrants**" shall mean the Warrants to purchase shares of common stock, par value $0.01 per share, of Quoin Pharmaceuticals, Inc. issued pursuant to the Bridge Securities Purchase Agreement, which upon consummation of the transactions contemplated by the Merger Agreement will be exchanged for identical Warrants issued by the Company to purchase ADSs (with references to shares of such common stock appropriately adjusted to reference ADSs and with share amounts and share prices adjusted to reflect the Exchange Ratio (as defined in the Merger Agreement)), which form is attached as Exhibit F to the Securities Purchase Agreement.

(t) "**Excluded Securities**" means any Ordinary Shares issued or issuable or deemed to be issued in accordance with Section 2(a)(i) or Section 2(a)(ii) by the Company: (i) under any Approved Stock Plan; provided, however, that no more than three percent (3.0%) of the number of Ordinary Shares (as adjusted for any stock dividend, stock split, stock combination, reclassification or similar transaction occurring relating to the Ordinary Shares after the Shares Closing Date (as defined in the Securities Purchase Agreement)) issued and outstanding as of the Shares Closing Date are issued or issuable to consultants pursuant to an Approved Stock Plan hereunder as Excluded Securities, (ii) upon exercise of any SPA Warrants, any Series A Warrants, any Series C Warrants and any Exchange Warrants; provided, that the terms of such SPA Warrants, Series A Warrants, Series C Warrants and Exchange Warrants are not amended, modified or changed on or after the Subscription Date, (iii) upon conversion, exercise or exchange of any Options or Convertible Securities which are outstanding on the day immediately preceding the Subscription Date; provided, that such issuance of Ordinary Shares upon exercise of such Options or Convertible Securities is made pursuant to the terms of such Options or Convertible Securities in effect on the date immediately preceding the Subscription Date and such Options or Convertible Securities are not amended, modified or changed on or after the Subscription Date, (iv) pursuant to the Merger Agreement or the Form F-4 (as defined in the Securities Purchase Agreement) or (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a Person which is, itself or through its Subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall be entered into for bona fide reasons other than capital raising and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities for the purpose of raising capital or to an entity whose primary business is investing in securities.

(u) "**Expiration Date**" means the date twenty-four (24) months after the Registration Date or, if such date falls on a Holiday, the next day that is not a Holiday.

(v) "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Ordinary Shares be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding Ordinary Shares, (y) 50% of the outstanding Ordinary Shares calculated as if any Ordinary Shares held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of Ordinary Shares such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Ordinary Shares, or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding Ordinary Shares, (y) at least 50% of the outstanding Ordinary Shares calculated as if any Ordinary Shares held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of Ordinary Shares such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Ordinary Shares, or (v) reorganize, recapitalize or reclassify its Ordinary Shares, (B) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding Ordinary Shares, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares not held by all such Subject Entities as of the Subscription Date calculated as if any Ordinary Shares held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other stockholders of the Company to surrender their Ordinary Shares without approval of the stockholders of the Company or (C) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict

conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction. For the avoidance of doubt, in no event shall the Merger (as defined in the Merger Agreement) completed on or before the Issuance Date be deemed to be a "Fundamental Transaction."

(w) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(x) "**Holiday**" means a day other than a Business Day or on which trading does not take place on the Principal Market.

(y) "**Lead Investor**" means Altium Growth Fund, LP.

(z) "**Merger Agreement**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(aa) "**Options**" means any rights, warrants or options to subscribe for or purchase (i) Ordinary Shares or ADSs or (ii) Convertible Securities.

(bb) "**Ordinary Shares**" means (i) the Company's ordinary shares, no par value per share, including, without limitation, the Company's ordinary shares, no par value per share, underlying ADSs and (ii) any share capital into which such Ordinary Shares shall be changed or any share capital resulting from a reclassification, reorganization or recapitalization of such Ordinary Shares.

(cc) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person, including such entity whose common capital or equivalent equity security is quoted or listed on an Eligible Market (or, if so elected by the Holder, any other market, exchange or quotation system), or, if there is more than one such Person or such entity, the Person or such entity designated by the Required Holders or in the absence of such designation, such Person or entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction or Change of Control, as applicable.

(dd) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(ee) "**Principal Market**" means The Nasdaq Global Select Market or, if The Nasdaq Global Select Market is not, as of the applicable date of determination, the primary Eligible market with respect to the ADSs, then such primary Eligible Market.

(ff) "**Registrable Securities**" shall have the meaning ascribed to such term in the Registration Rights Agreement.

(gg) "**Registration Date**" means the first date all Registrable Securities (without regard to any Cutback Shares (as defined in the Registration Rights Agreement)) are

registered by the Company for resale by the Holder pursuant to one or more effective Registration Statement(s).

(hh) "**Registration Rights Agreement**" means that certain Registration Rights Agreement dated as of the Subscription Date by and among the Company and the Buyers, as may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

(ii) "**Registration Statement**" shall have the meaning ascribed to such term in the Registration Rights Agreement.

(jj) "**Required Holders**" means the holders of the SPA Warrants representing at least a majority of the Ordinary Shares underlying the Warrant Shares issuable upon exercise of the SPA Warrants then outstanding (without regard to any limitation on exercise set forth therein) and shall include the Lead Investor so long as the Lead Investor or any of its Affiliates holds any SPA Warrants.

(kk) "**Rule 144**" means Rule 144 promulgated under the 1933 Act or any successor rule.

(ll) "**Series A Warrants**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(mm) Intentionally omitted.

(nn) "**Series C Warrants**" shall have the meaning ascribed to such term in the Securities Purchase Agreement, including pursuant to Section 1(g) thereof.

(oo) "**Share Delivery Date**" means the earlier of (i) the second (2nd) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case, following the date on which the Holder delivers the applicable Exercise Notice to the Company, so long as the Holder delivers the applicable Aggregate Exercise Price (or notice of a Cashless Exercise or Alternate Cashless Exercise) on or prior to the earlier of (i) the second (2nd) Trading Day following the date on which the Holder has delivered the applicable Exercise Notice to the Company and (ii) the number of Trading Days comprising the Standard Settlement Period following the date on which the Holder has delivered the applicable Exercise Notice to the Company (provided that if the applicable Aggregate Exercise Price (or applicable notice of a Cashless Exercise or Alternate Cashless Exercise) has not been delivered to the Company by such date, the applicable Share Delivery Date shall be one (1) Trading Day after the Holder has delivered the applicable Aggregate Exercise Price (or applicable notice of a Cashless Exercise or Alternate Cashless Exercise) to the Company.

(pp) "**Shares Closing Date**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(qq) "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Principal Market with respect to the ADSs as in effect on the date of delivery of the applicable Exercise Notice.

(rr) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(ss) "**Subsidiary**" means any entity in which the Company, directly or indirectly, owns any of the capital stock or holds an equity or similar interest.

(tt) "**Successor Entity**" means one or more Person or Persons (or, if so elected by the Holder, the Company or Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or Change of Control, as applicable, or one or more Person or Persons (or, if so elected by the Holder, the Company or the Parent Entity) with which such Fundamental Transaction or Change of Control, as applicable, shall have been entered into.

(uu) "**taxes**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(vv) "**Trading Day**" means any day on which the ADSs are traded on the Principal Market.

(ww) "**Weighted Average Price**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00 p.m., New York time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the OTC Link or Pink Open Market (f/k/a OTC Pink) published by the OTC Markets Group, Inc. (or similar organization or agency succeeding to its functions of reporting prices). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 12 with the term "Weighted Average Price" being substituted for the term "Exercise Price." All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction relating to the Ordinary Shares and/or the ADSs, as applicable, during the applicable calculation period.

**[Signature Page Follows]**

**IN WITNESS WHEREOF,** the Company has caused this Warrant to Purchase American Depositary Shares to be duly executed as of the Issuance Date set out above.

**QUOIN PHARMACEUTICALS LTD.**

By: _____
Name:
Title:

**EXHIBIT A**

**EXERCISE NOTICE**

**TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE AMERICAN DEPOSITARY SHARES**

**QUOIN PHARMACEUTICALS LTD.**

The undersigned holder hereby exercises the right to purchase _____ American Depositary Shares ("**Warrant Shares**") of Quoin Pharmaceuticals Ltd., an Israeli company formerly known as Cellect Biotechnology Ltd. (the "**Company**"), evidenced by the attached Warrant to Purchase American Depositary Shares (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

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

_____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

_____ a "Cashless Exercise" with respect to _____ Warrant Shares, resulting in a delivery obligation of the Company to the Holder of _____ ADSs representing the applicable Net Number.

_____ an "Alternative Cashless Exercise" with respect to _____ Warrant Shares, resulting in a delivery obligation of the Company to the Holder of _____ ADSs.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

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

4. Please issue the ADSs into which the Warrant is being exercised to the Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to: _____

_____

Address: _____

Telephone Number: _____

Email Address: _____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: _____

DTC Number: _____
Account Number: _____

Authorization:
By: _____
Title: _____
Dated:
Account Number (if electronic book entry transfer):
Transaction Code Number (if electronic book entry transfer): _____

Date: _____, ___

_____
Name of Registered Holder

By: _____
Name:
Title:

**ACKNOWLEDGMENT**

The Company hereby acknowledges this Exercise Notice and hereby directs Computershare Shareowner Services LLC to issue the above indicated number of ADSs in accordance with the Transfer Agent Instructions dated as of March 21, 2022 from the Company and acknowledged and agreed to by Computershare Shareowner Services LLC.

**QUOIN PHARMACEUTICALS LTD.**

By: _____
Name:
Title:

**NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER, IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD (X) PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT OR (Y) TO AN ACCREDITED INVESTOR IN A PRIVATE TRANSACTION. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.**

# QUOIN PHARMACEUTICALS LTD.

## FORM OF SERIES C WARRANT TO PURCHASE AMERICAN DEPOSITARY SHARES

Warrant No.: C-__
Date of Issuance: _____ ("**Issuance Date**")

Quoin Pharmaceuticals Ltd., an Israeli company formerly known as Cellect Biotechnology Ltd. (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, _____, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the Issuance Date, but not after 11:59 p.m., New York time, on the Expiration Date, (as defined below), _____fully paid nonassessable ADSs, subject to adjustment as provided herein (the "**Warrant Shares**" and such initial number of Warrant Shares, as adjusted pursuant to Section 2. Except as otherwise defined herein, capitalized terms in this Warrant to Purchase American Depositary Shares (including any Warrants to Purchase American Depositary Shares issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section 18. This Warrant is one of the Series C Warrants to purchase American Depositary Shares (the "**SPA Warrants**") issued pursuant to Section 1 of that certain Securities Purchase Agreement, dated as of March 24, 2021 (the "**Subscription Date**"), by and among the Company, Quoin Pharmaceuticals, Inc., a Delaware corporation, and the investors (the "**Buyers**") referred to therein (as may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms, the "**Securities Purchase Agreement**"). Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to such terms in the Securities Purchase Agreement.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder at any time or times on or after the Issuance Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) (A) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds or (B) if the provisions of Section 1(d) are applicable, by notifying the Company that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 1(d)(1)). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder, nor shall any ink-original signature or medallion guarantee (or other type of guarantee or notarization) with respect to any Exercise Notice be required. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the first (1st) Trading Day following the date on which the Holder has delivered the applicable Exercise Notice to the Company, the Company shall transmit by electronic mail an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the applicable Share Delivery Date, the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and (A) the applicable Warrant Shares are subject to an effective resale registration statement in favor of the Holder or (B) if exercised via Cashless Exercise, at a time when Rule 144 would be available for resale of the applicable Warrant Shares by the Holder, credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or (A) the applicable Warrant Shares are not subject to an effective resale registration statement in favor of the Holder and (B) if exercised via Cashless Exercise, at a time when Rule 144 would not be available for resale of the applicable Warrant Shares by the Holder, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise. The Company shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Shares via DTC, if any, including, without limitation, for same day processing. Upon delivery of the Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than five (5) Trading Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with

respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant (other than the Holder's income taxes). The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination. While any SPA Warrants remain outstanding, the Company shall use a transfer agent that participates in the DTC Fast Automated Securities Transfer Program.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $3.98 per ADS, subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail for any reason or for no reason to issue to the Holder on or prior to the applicable Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, a certificate for the number of ADSs to which the Holder is entitled and register such ADSs on the Company's share register or if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, to credit the Holder's balance account with DTC, for such number of ADSs to which the Holder is entitled upon the Holder's exercise of this Warrant or (II) if the Registration Statement covering the resale of the Warrant Shares that are the subject of the Exercise Notice (the "**Unavailable Warrant Shares**") is not available for the resale of such Unavailable Warrant Shares and the Company fails to promptly, but in no event later than as is required pursuant to the Registration Rights Agreement (x) so notify the Holder in writing and (y) deliver the Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, an "**Exercise Failure**"), then, in addition to all other remedies available to the Holder, (X) the Company shall pay in cash to the Holder on each day after the applicable Share Delivery Date and during such Exercise Failure an amount equal to 1.5% of the product of (A) the number of Warrant Shares not issued to the Holder on or prior to the applicable Share Delivery Date and to which the Holder is entitled, and (B) any trading price of the ADSs selected by the Holder in writing as in effect at any time during the period beginning on the applicable date of delivery of the applicable Exercise Notice and ending on the applicable Share Delivery Date, and (Y) the Holder, upon written notice to the Company, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the voiding of an Exercise Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. In addition to the foregoing, if on or prior to the applicable Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, the Company shall fail to issue and deliver a certificate to the Holder and register such ADSs on the Company's share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, credit the Holder's balance

account with DTC for the number of ADSs to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Company's obligation pursuant to clause (ii) below or (II) a Notice Failure occurs, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) ADSs relating to the applicable Exercise Failure (a "**Buy-In**"), then the Company shall, within five (5) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the ADSs so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such ADSs) or credit the Holder's balance account with DTC for such ADSs shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such ADSs or credit the Holder's balance account with DTC, as applicable, and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of ADSs, times (B) any trading price of the ADS selected by the Holder in writing as in effect at any time during the period beginning on the date of delivery of the applicable Exercise Notice and ending on the applicable Share Delivery Date. Nothing herein shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing ADSs (or to electronically deliver such ADSs) upon the exercise of this Warrant as required pursuant to the terms hereof. Notwithstanding the forgoing, any payments made by the Company to the Holder pursuant to this Section 1(c) shall be made without withholding or deduction for any taxes (as defined in the Securities Purchase Agreement), unless required by law, in which case the Company will pay such additional amounts as will result, after such withholding or deduction, in the receipt by the Holder of the amounts that would otherwise have been receivable in respect thereof.

(d) Cashless Exercise.

(1) Notwithstanding anything contained herein to the contrary, if at any time following the Demand Effectiveness Deadline (as defined in the Registration Rights Agreement) of the Demand Registration Statement (as defined in the Registration Rights Agreement), if any, filed to register the Unavailable Warrant Shares for resale by the Holder, a Registration Statement covering the resale of the Unavailable Warrant Shares is not available for the resale of such Unavailable Warrant Shares, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of ADSs determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of ADSs with respect to which this Warrant is then being exercised.

B= as applicable: (i) the Weighted Average Price of the ADSs on the Trading Day immediately preceding the date of the applicable Exercise Notice if such Exercise Notice is (1) both executed and delivered pursuant to Section 1(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 1(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(68) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (x) the Weighted Average Price of the ADSs on the Trading Day immediately preceding the date of the applicable Exercise Notice or (y) the Bid Price of the ADSs on the principal trading market for the ADSs as reported by Bloomberg as of the time of the Holder's execution of the applicable Exercise Notice if such Exercise Notice is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 1(a) hereof or (iii) the Weighted Average Price of the ADSs on the date of the applicable Exercise Notice if the date of such Exercise Notice is a Trading Day and such Exercise Notice is both executed and delivered pursuant to Section 1(a) hereof after the close of "regular trading hours" on such Trading Day.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(2) Intentionally omitted.

(3) For purposes of Rule 144(d), the Company hereby acknowledges and agrees that the Warrant Shares issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares for purposes of Rule 144(d), shall be deemed to have commenced, on the Shares Closing Date. The Company agrees not to take any position contrary to this Section 1(d) as long as the rules and interpretations of the SEC in effect as of the Subscription Date remain unchanged in this respect.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 12.

(f) Beneficial Ownership Limitation on Exercises. Notwithstanding anything to the contrary contained herein, the Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 9.99% (the "**Maximum Percentage**") of the number of Ordinary Shares outstanding immediately after

giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of Ordinary Shares beneficially owned by the Holder and the other Attribution Parties shall include the number of Ordinary Shares held by the Holder and all other Attribution Parties plus the number of Ordinary Shares underlying the Warrant Shares issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude the number of Ordinary Shares which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred stock or warrants, including the Series A Warrants, Series B Warrants and the Exchange Warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 1(f). For purposes of this Section 1(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"). For purposes of this Warrant, in determining the number of outstanding Ordinary Shares the Holder may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding Ordinary Shares as reflected in (x) the Company's most recent Annual Report on Form 20-F, Report of Foreign Private Issuer on Form 6-K or other public filing with the Securities and Exchange Commission (the "**SEC**"), as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent setting forth the number of Ordinary Shares outstanding (the "**Reported Outstanding Share Number**"). If the Company receives an Exercise Notice from the Holder at a time when the actual number of outstanding Ordinary Shares is less than the Reported Outstanding Share Number, the Company shall (i) promptly notify the Holder in writing of the number of Ordinary Shares then outstanding and, to the extent that such Exercise Notice would otherwise cause the Holder's beneficial ownership, as determined pursuant to this Section 1(f), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of Warrant Shares to be purchased pursuant to such Exercise Notice (the number of Warrant Shares by which such purchase is reduced, the "**Reduction Shares**") and (ii) as soon as reasonably practicable, the Company shall return to the Holder any exercise price paid by the Holder for the Reduction Shares. For any reason at any time, upon the written or oral request of the Holder, the Company shall within two (2) Trading Days confirm in writing by electronic mail to the Holder the number of Ordinary Shares then outstanding. In any case, the number of outstanding Ordinary Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of Warrant Shares to the Holder upon exercise of this Warrant results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding Ordinary Shares (as determined under Section 13(d) of the 1934 Act), the number of Warrant Shares so issued by which the Holder's and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio and any portion of this Warrant so exercised shall be reinstated, and the Holder shall not have the power to vote or to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return to the Holder the exercise price paid by the Holder for the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from

time to time increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of SPA Warrants that is not an Attribution Party of the Holder. For purposes of clarity, the Ordinary Shares underlying the Warrant Shares issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(f) to the extent necessary to correct this paragraph or any portion of this paragraph which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 1(f) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Warrant.

(g) Insufficient Authorized Shares. If at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved Ordinary Shares to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of Ordinary Shares equal to the maximum number of Ordinary Shares as shall from time to time be necessary to effect the exercise in full of all of this Warrant then outstanding without regard to any limitation on exercise set forth herein (the "**Required Reserve Amount**" and the failure to have such sufficient number of authorized and unreserved Ordinary Shares, an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized Ordinary Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized Ordinary Shares. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized Ordinary Shares and to cause its board of directors to recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, if any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of its issued and outstanding Ordinary Shares to approve the increase in the number of authorized Ordinary Shares, the Company may satisfy this obligation by obtaining such consent and submitting for filing with the SEC an Information Statement on Schedule 14C. In the event that upon any exercise of this Warrant, the Company does not have sufficient authorized Ordinary Shares to deliver Warrant Shares in satisfaction of such exercise, then unless the Holder elects to void such attempted exercise, the Holder may require the Company to pay to the Holder within five (5) Trading Days of the applicable exercise, cash in an amount equal to the product of (i) the number of Warrant Shares that the Company is unable to deliver pursuant to this Section 1(g) and (ii) the highest Weighted Average Price of the ADSs during the period beginning on the date of such attempted exercise and the date that the Company makes the applicable cash payment.

(h) Issuance of Series A Warrants and Series B Warrants. Upon each exercise of this Warrant whereby the Holder pays the applicable Aggregate Exercise Price in cash, whether such exercise is pursuant to Section 1(a) or Section 1(i), the Company shall, on the applicable Share Delivery Date, along with delivering the Warrant Shares issuable to the Holder upon exercise of this Warrant, issue (i) a Series A Warrant and (ii) a Series B Warrant, each to purchase a number of ADSs equal to the number of Warrant Shares issuable to the Holder upon such exercise of this Warrant (without any regard to any limitation on exercise included therein).

(i) Mandatory Exercise at the Company's Election.

(1) If at any time from and after the Demand Effectiveness Deadline (as defined in the Registration Rights Agreement) of the Demand Registration Statement (as defined in the Registration Rights Agreement) registering the Warrant Shares subject to the applicable Mandatory Exercise (as defined below) for resale by the Holder, no Equity Conditions Failure has occurred during the Equity Conditions Measuring Period, the Company shall have the right to require the Holder and all, but not less than all, holders of the other SPA Warrants, to exercise all or any portion of this Warrant and the other SPA Warrants, as designated in the applicable Mandatory Exercise Notice (as defined below), into fully paid, validly issued and nonassessable ADSs in accordance with Section 1(a) hereof at the Exercise Price on the Mandatory Exercise Date (as defined below) (a "**Mandatory Exercise**") provided that if any Mandatory Exercise requires the exercise of less than all of this Warrant and the other SPA Warrants that then remain outstanding, such Mandatory Exercise shall be for a number of ADSs that would, in the aggregate, cause the Holder and the holders of the other SPA Warrants to pay in the aggregate an Aggregate Exercise Price in cash to the Company that is not less than $1,000,000. The Company may exercise its right to require exercise under this Section 1(i)(1) by delivering a written notice thereof by electronic mail and overnight courier to the Holder and all, but not less than all, of the holders of the other SPA Warrants and the Transfer Agent (a "**Mandatory Exercise Notice**" and the date the Holder and all the holders of the other SPA Warrants receive such notice is referred to as a "**Mandatory Exercise Notice Date**"). Each Mandatory Exercise Notice shall be irrevocable. Each Mandatory Exercise Notice shall (i) state (a) the Trading Day on which the applicable Mandatory Exercise shall occur, which shall be the tenth ($10^{th}$) Trading Day immediately following the related Mandatory Exercise Notice Date (a "**Mandatory Exercise Date**"), (b) the aggregate number of SPA Warrants which the Company has elected to be subject to such Mandatory Exercise from the Holder and all of the holders of the other SPA Warrants pursuant to this Section 1(i)(1) (and analogous provisions under the other SPA Warrants) and (c) the number of ADSs to be issued to the Holder on such Mandatory Exercise Date and (ii) certify that there has been no Equity Conditions Failure on any day during the period beginning on the first day of the Equity Conditions Measuring Period prior to the applicable Mandatory Exercise Notice Date through the related Mandatory Exercise Notice Date. If the Company confirmed that there was no such Equity Conditions Failure as of the applicable Mandatory Exercise Notice Date but an Equity Conditions Failure occurs between such Mandatory Exercise Notice Date and the related Mandatory Exercise Date (a "**Mandatory Exercise Interim Period**"), the Company shall provide the Holder and each holder of the other SPA Warrants a subsequent notice to that effect. If there is an Equity Conditions Failure (which is not waived in writing by the Holder) during a Mandatory Exercise Interim Period, then the applicable Mandatory Exercise shall be null and void with respect to all or any part designated by the Holder of the unexercised portion of this Warrant subject to the applicable Mandatory Exercise and the Holder shall be entitled to all the rights of a

holder of this Warrant with respect to such portion of this Warrant. Notwithstanding anything to the contrary in this Section 1(i)(1), until a Mandatory Exercise has occurred, the portion of this Warrant subject to such Mandatory Exercise may be exercised, in whole or in part (but subject to Section 1(f)), by the Holder into ADSs pursuant to Section 1(a). All exercises of this Warrant by the Holder after a Mandatory Exercise Notice Date and prior to the related Mandatory Exercise Date shall reduce the portion of this Warrant required to be exercised on the applicable Mandatory Exercise Date, unless the Holder otherwise indicates in the applicable Exercise Notice. If the Company elects to cause a Mandatory Exercise pursuant to Section 1(i)(1), then it must simultaneously take the same action in the same proportion with respect to all of the other SPA Warrants.

(2) Notwithstanding the foregoing, if (i) the Company has elected to effect a Mandatory Exercise pursuant to Section 1(i)(1), (ii) the Company is permitted pursuant to Section 1(i)(1) to effect a Mandatory Exercise if not for the Equity Condition set forth in clause (iv) of such definition, (iii) such Mandatory Exercise would violate the Equity Condition set forth in clause (iv) of such definition, and prior to the applicable Mandatory Exercise Date the Holder has delivered to the Company a written notice (A) stating that such Mandatory Exercise would result in a violation of Section 1(f) and (B) specifying the portion of the Warrant with respect to which such Mandatory Exercise would result in a violation of Section 1(f) if such Mandatory Exercise were effected in full (such amount so specified is referred to herein as a "**Designated Blocker Amount**"), the Holder shall pay the Aggregate Exercise Price with respect to the portion of this Warrant that is subject to the applicable Mandatory Exercise (including the Aggregate Exercise Price with respect to the Designated Blocker Amount) and the Company shall hold the ADSs issuable to the Holder pursuant to such Mandatory Exercise of the Designated Blocker Amount in abeyance for the Holder until such time or times as its right thereto would not result in the Holder and its other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall give notice thereof to the Company and pay the Aggregate Exercise Price with respect to such portion of this Warrant that was subject to the applicable Mandatory Exercise and that would no longer result in a violation of the Equity Condition set forth in clause (iv) of such definition and the Holder shall be promptly, but in any event within two (2) Trading Days of such notice, delivered such ADSs to the extent as if there had been no such limitation. In the event the Company fails to timely deliver the Warrant Shares on the applicable Mandatory Exercise Date, the Holder shall be entitled to all the remedies set forth in Section 1(c) as if the Holder had delivered an Exercise Notice to the Company and the Company failed to deliver the applicable Warrant Shares on the related Share Delivery Date. For the avoidance of doubt, from and after the applicable Mandatory Exercise Date, no adjustment to the number of Warrant Shares pursuant to Section 2(f) shall apply to any portion of this Warrant subject to the related Mandatory Exercise.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Intentionally omitted.

(b) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant, with the prior written consent of the Holder, (i) reduce the then current Exercise Price and/or (ii) increase the then current number of Warrant Shares, in each case,

to any amount or number and for any period of time deemed appropriate by the Board of Directors of the Company.

(c) Adjustment Upon Subdivision or Combination of Ordinary Shares or ADSs. If the Company at any time on or after the Shares Closing Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding Ordinary Shares or ADSs into a greater number of Ordinary Shares or ADSs, as applicable, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Shares Closing Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding Ordinary Shares or ADSs into a smaller number of Ordinary Shares or ADSs, as applicable, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(d) Change in ADS Ratio. If after the Issuance Date the ratio of ADSs to Ordinary Shares is increased or reduced, then the number of Warrant Shares to be delivered upon exercise of this Warrant will be reduced or increased (respectively) in inverse proportion to the change in the such ratio and the Exercise Price per Warrant will be increased or reduced (respectively) in proportion to the change in Ordinary Shares per ADS, so that the total number or Warrant Shares underlying the this Warrant and the aggregate Exercise Price for this Warrant remain unchanged.

(e) Change from ADSs to Ordinary Shares. If after the Issuance Date all outstanding ADSs are exchanged for Ordinary Shares and this Warrant then becomes exercisable for Ordinary Shares, then (i) the number of Ordinary Shares to be delivered upon exercise of this Warrant will equal the number of Ordinary Shares underlying the Warrant Shares issuable upon exercise of this Warrant immediately prior to such change (without regard to any limitation on exercise set forth herein), (ii) the Exercise Price any other prices referenced herein shall be proportionately adjusted to reflect the price per Ordinary Share rather than the price per ADS and (ii) all references to ADSs adjusted to appropriately reference Ordinary Shares. Following such adjustments, the total number or Warrant Shares underlying the this Warrant and the aggregate Exercise Price for this Warrant remain unchanged.

(f) Intentionally omitted.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to any or all holders of Ordinary Shares or ADSs, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property, Options, evidence of indebtedness or any other assets by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the Shares Closing Date, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein as if the Holder had held the number of Ordinary Shares underlying the Warrant Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this

Warrant, including without limitation, the Maximum Percentage) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Ordinary Shares or ADSs, as applicable, are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to such extent (and shall not be entitled to beneficial ownership of such Ordinary Shares as a result of such Distribution (and beneficial ownership) to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Distribution (and any Distributions declared or made on such initial Distribution or on any subsequent Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS; CHANGE OF CONTROL.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time following the Shares Closing Date the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Ordinary Shares or ADSs (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Ordinary Shares underlying the Warrant Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Ordinary Shares or ADSs, as applicable, are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to such extent (and shall not be entitled to beneficial ownership of such Ordinary Shares as a result of such Purchase Right (and beneficial ownership) to such extent) and such Purchase Right to such extent shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance) to the same extent as if there had been no such limitation).

(b) Fundamental Transactions. If, at any time after the Issuance Date until this Warrant ceases to be outstanding, a Fundamental Transaction occurs or is consummated, then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 1(f) on the exercise of this Warrant), the number of shares of capital stock of the successor or acquiring corporation or of ADSs of the Company, if it is the surviving

corporation, and any additional consideration (the "**Alternate Consideration**") receivable as a result of such Fundamental Transaction by a holder of the number of ADSs for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 1(f) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one ADS in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of ADSs are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any Successor Entity to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance reasonably satisfactory to the Required Holders and approved by the Required Holders (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its Parent Entity) equivalent to the ADSs acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the ADSs pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Required Holders. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company in this Warrant.

(c) Notwithstanding the foregoing, in the event of a Change of Control, at the request of the Holder delivered before the ninetieth ($90^{th}$) day after the occurrence or consummation of such Change of Control, the Company (or the Successor Entity) shall purchase this Warrant from the Holder by paying to the Holder, within five (5) Business Days after such request (or, if later, on the effective date of the Change of Control), cash in an amount equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the effective date of such Change of Control; provided, however, that, if such Change of Control is not within the Company's control, including not approved by the Company's Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity, the same type or form of

consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of ADSs of the Company in connection with such Change of Control, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of ADSs are given the choice to receive from among alternative forms of consideration in connection with such Change of Control; provided, further, that if holders of ADSs of the Company are not offered or paid any consideration in such Change of Control, such holders of ADSs will be deemed to have received common stock of the Successor Entity (which Successor Entity may be the Company following such Change of Control) in such Change of Control. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five (5) Business Days of the Holder's election and (ii) the date of consummation of the applicable Change of Control.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any Ordinary Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Ordinary Shares underlying the Warrant Shares issuable upon the exercise of this Warrant, and (iii) shall, so long as any of the SPA Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued Ordinary Shares, solely for the purpose of effecting the exercise of the SPA Warrants, the Required Reserve Amount of Ordinary Shares.

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no SPA Warrants for fractional Warrant Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of ADSs underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 10(f) of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) Business Days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Ordinary Shares or ADSs, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of Ordinary Shares or ADSs or (C) for determining rights to vote with respect to any Fundamental Transaction, Change of Control, dissolution or liquidation; provided in each case that such information shall be made known to the

public prior to or in conjunction with such notice being provided to the Holder. It is expressly understood and agreed that the time of exercise specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder.

10. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Company hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth in Section 10(f) of the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

11. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and all of the Buyers and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

12. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall cause the Transfer Agent to issue to the Holder the number of Warrant Shares that is not disputed and the Company shall submit the disputed determinations or arithmetic calculations via electronic mail within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within one (1) Business

Day of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within one (1) Business Day submit via electronic mail (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Holder and approved by the Company, such approval not to be unreasonably withheld, conditioned or delayed or (b) the disputed arithmetic calculation of the Warrant Shares to an independent, outside accountant, selected by the Holder and approved by the Company, such approval not to be unreasonably withheld, conditioned or delayed. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

13. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief). No remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy. Nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

14. TRANSFER. This Warrant and the Warrant Shares may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company, except as may otherwise be required by Section 2(f) of the Securities Purchase Agreement.

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

16. DISCLOSURE. Upon receipt or delivery by the Company of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, nonpublic information relating to the

Company or its Subsidiaries, the Company shall contemporaneously with any such receipt or delivery publicly disclose such material, nonpublic information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, nonpublic information relating to the Company or its Subsidiaries, the Company so shall indicate to the Holder contemporaneously with delivery of such notice, and in the absence of any such indication, the Holder shall be allowed to presume that all matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries.

17. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Warrant is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Warrant or to enforce the provisions of this Warrant or (b) there occurs any bankruptcy, reorganization, receivership of the company or other proceedings affecting company creditors' rights and involving a claim under this Warrant, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements.

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

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale in accordance with Section 2(a)(i) or Section 2(a)(ii)) of Ordinary Shares (other than rights of the type described in Section 3 and 4 hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(c) "**ADS**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(d) "**Affiliate**" shall have the meaning ascribed to such term in Rule 405 promulgated under the 1933 Act or any successor rule.

(e) "**American Depositary Shares**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(f) "**Approved Stock Plan**" means any employee benefit or incentive plan which has been approved by the Board of Directors of the Company prior to or subsequent to the Issuance Date, pursuant to which the Company's securities may be issued to any employee, officer, consultant or director for services provided to the Company.

(g) "**Attribution Parties**" means, collectively, the following Persons: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the

Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Person whose beneficial ownership of the Ordinary Shares would or could be aggregated with the Holder's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(h) "**Bid Price**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the ADSs are then listed or quoted on an Eligible Market, the bid price of the ADSs for the time in question (or the nearest preceding date) on the Eligible Market on which the ADSs are then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the ADSs are not then listed or quoted for trading on OTCQB or OTCQX and if prices for the ADSs are then reported in the Pink Open Market (f/k/a OTC Pink) published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per ADS so reported, or (c) in all other cases, the fair market value of an ADS as determined by an independent appraiser selected in good faith by the Required Holders and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(i) "**Black Scholes Consideration Value**" means the value of the applicable Option or Adjustment Right (as the case may be) calculated using the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the date of issuance and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of such Option or Adjustment Right (as the case may be) as of the date of issuance of such Option or Adjustment Right (as the case may be), (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the issuance of such Option or Adjustment Right (as the case may be), or, if the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of issuance of such Option or Adjustment Right (as the case may be), (iii) the underlying price per ADS used in such calculation shall be the highest Weighted Average Price of the ADSs during the period beginning on the Trading Day prior to the execution of definitive documentation relating to the issuance of such Option or Adjustment Right (as the case may be) and ending on (A) the Trading Day immediately following the public announcement of the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be), or, (B) if the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of such issuance, (iv) a remaining option time equal to the time between the date of the public announcement of the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) or, if the execution of definitive documents with respect to the issuance of such Option or Adjustment Right (as the case may be) is not publicly announced, the date of such issuance, (v) a zero cost of borrow and (vi) a 365 day annualization factor.

(j) "**Black Scholes Value**" means the value of this Warrant calculated using the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day immediately following the public announcement of the applicable contemplated Change of Control, or, if such contemplated Change of Control is not publicly

announced, the date such Change of Control has occurred or is consummated, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of such date of request, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable contemplated Change of Control, or, if such contemplated Change of Control is not publicly announced, the date such Change of Control has occurred or is consummated, (iii) the underlying price per ADS used in such calculation shall be the greater of (x) the highest Weighted Average Price of the ADSs during the period beginning on the Trading Day prior to the execution of definitive documentation relating to the applicable Change of Control and ending on (A) the Trading Day immediately following the public announcement of such contemplated Change of Control, if the applicable contemplated Change of Control is publicly announced or (B) the Trading Day immediately following the consummation of the applicable Change of Control if the applicable contemplated Change of Control is not publicly announced and (y) the sum of the price per ADS being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Change of Control, (iv) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Change of Control or, if such applicable contemplated Change of Control is not publicly announced, the date such Change of Control has occurred or is consummated, (v) a zero cost of borrow and (vi) a 365 day annualization factor.

(k) "**Bloomberg**" means Bloomberg Financial Markets.

(l) "**Bridge Securities Purchase Agreement**" means that certain Securities Purchase Agreement dated as of March 24, 2021 by and between Quoin Pharmaceuticals, Inc. and the investors listed on the signature page attached thereto.

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

(n) "**Change of Control**" means any Fundamental Transaction other than (i) any reorganization, recapitalization or reclassification of the Ordinary Shares in which holders of the Company's voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respect, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification or (ii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company. Notwithstanding anything herein to the contrary, any transaction or series of transaction that, directly or indirectly, results in the Company or the Successor Entity not having ADSs,

Ordinary Shares or common stock, as applicable, registered under the 1934 Act and listed on an Eligible Market shall be deemed a Change of Control.

(o) "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for Ordinary Shares or ADSs.

(p) "**Eligible Market**" means the Principal Market, the NYSE American, The Nasdaq Capital Market, The Nasdaq Global Market or The New York Stock Exchange.

(q) "**Equity Conditions**" means each of the following conditions: (i) on each day during the Equity Conditions Measuring Period, all Warrant Shares and all Ordinary Shares underlying the Warrant Shares issuable upon exercise of the portion of this Warrant that is subject to the Mandatory Exercise requiring the satisfaction of the Equity Conditions shall be subject to one or more Registration Statements that are effective and available for the resale of all such Warrant Shares and such Ordinary Shares, in accordance with the terms of the Registration Rights Agreement and there shall not have been any Grace Periods (as defined in the Registration Rights Agreement) and there shall be no need for registration under any applicable federal or state securities laws; (ii) on each day during the Equity Conditions Measuring Period, the ADSs are designated for quotation on the Principal Market or any other Eligible Market and shall not have been suspended from trading on such exchange or market nor shall delisting or suspension by such exchange or market been threatened, commenced or pending either (A) in writing by such exchange or market or (B) by falling below the then effective minimum listing maintenance requirements of such exchange or market; (iii) on each day during the Equity Conditions Measuring Period, the Company shall have delivered the Warrant Shares pursuant to the terms of this Warrant, the other SPA Warrants, the Series A Warrants, the Series B Warrants and the Exchange Warrants to the Holder on a timely basis as set forth in Section 1(a) hereof (and analogous provisions under the other SPA Warrants, the Series A Warrants, the Series B Warrants and the Exchange Warrants); (iv) all Ordinary Shares underlying the Warrant Shares issuable upon exercise of the portion of this Warrant that is subject to the Mandatory Exercise on the Mandatory Exercise Date requiring the satisfaction of the Equity Conditions may be issued in full without violating Section 1(f) hereof (and analogous provisions under the other SPA Warrants); (v) all Warrant Shares and all Ordinary Shares underlying the Warrant Shares issuable upon exercise of the portion of this Warrant that is subject to the Mandatory Exercise on the Mandatory Exercise Date requiring the satisfaction of the Equity Conditions may be issued in full without violating the rules or regulations of the Principal Market or any other applicable Eligible Market; (vi) the Company shall have no knowledge of any fact that would reasonably be expected to cause the Registration Statements required pursuant to the Registration Rights Agreement not to be effective and available for the resale of the Warrant Shares and the Ordinary Shares underlying the Warrant Shares issuable upon exercise of the portion of this Warrant that is subject to the Mandatory Exercise requiring the satisfaction of the Equity Conditions; (vii) on each day during the Equity Conditions Measuring Period, the Company shall have been in compliance with and shall not have breached any provision, covenant, representation or warranty of any Transaction Document; (viii) on each day during Equity Conditions Measuring Period, the Holder shall not be in possession of any material, nonpublic information received from the Company, any Subsidiary or its respective agent or Affiliates; (ix) the Warrant Shares and the Ordinary Shares underlying the Warrant Shares issuable upon exercise of the portion of this Warrant that is subject to the Mandatory Exercise

requiring the satisfaction of the Equity Conditions are duly reserved and authorized and such Warrant Shares are listed and eligible for trading without restriction on an Eligible Market; and (x) on each Trading Day during the Equity Conditions Measuring Period, the daily dollar trading volume of the ADSs on the Principal Market as reported by Bloomberg shall be at least $250,000.

(g) "**Equity Conditions Failure**" means that as of the applicable date of determination, the Equity Conditions have not each been satisfied (or waived in writing by the Holder; provided that the Equity Conditions set forth in clause (iv) and clause (v) of the definition of "Equity Conditions" shall not be waivable by the Holder).

(r) "**Equity Conditions Measuring Period**" means the period beginning fifteen (15) Trading Days prior to the Mandatory Exercise Notice Date through and including the Mandatory Exercise Date.

(s) "**Exchange Warrants**" shall mean the Warrants to purchase shares of common stock, par value $0.01 per share, of Quoin Pharmaceuticals, Inc. issued pursuant to the Bridge Securities Purchase Agreement, which upon consummation of the transactions contemplated by the Merger Agreement will be exchanged for identical Warrants issued by the Company to purchase ADSs (with references to shares of such common stock appropriately adjusted to reference ADSs and with share amounts and share prices adjusted to reflect the Exchange Ratio (as defined in the Merger Agreement)), which form is attached as Exhibit F to the Securities Purchase Agreement.

(t) "**Excluded Securities**" means any Ordinary Shares issued or issuable or deemed to be issued in accordance with Section 2(a)(i) or Section 2(a)(ii) by the Company: (i) under any Approved Stock Plan; provided, however, that no more than three percent (3.0%) of the number of Ordinary Shares (as adjusted for any stock dividend, stock split, stock combination, reclassification or similar transaction occurring relating to the Ordinary Shares after the Shares Closing Date (as defined in the Securities Purchase Agreement)) issued and outstanding as of the Shares Closing Date are issued or issuable to consultants pursuant to an Approved Stock Plan hereunder as Excluded Securities, (ii) upon exercise of any SPA Warrants, any Series A Warrants, any Series B Warrants and any Exchange Warrants; provided, that the terms of such SPA Warrants, Series A Warrants, Series B Warrants and Exchange Warrants are not amended, modified or changed on or after the Subscription Date, (iii) upon conversion, exercise or exchange of any Options or Convertible Securities which are outstanding on the day immediately preceding the Subscription Date; provided, that such issuance of Ordinary Shares upon exercise of such Options or Convertible Securities is made pursuant to the terms of such Options or Convertible Securities in effect on the date immediately preceding the Subscription Date and such Options or Convertible Securities are not amended, modified or changed on or after the Subscription Date, (iv) pursuant to the Merger Agreement or the Form F-4 (as defined in the Securities Purchase Agreement) or (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a Person which is, itself or through its Subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall be entered into for bona fide reasons other than capital raising and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing

securities for the purpose of raising capital or to an entity whose primary business is investing in securities.

(u) "**Expiration Date**" means the date twenty-four (24) months after the Registration Date or, if such date falls on a Holiday, the next day that is not a Holiday.

(v) "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Ordinary Shares be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding Ordinary Shares, (y) 50% of the outstanding Ordinary Shares calculated as if any Ordinary Shares held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of Ordinary Shares such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Ordinary Shares, or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding Ordinary Shares, (y) at least 50% of the outstanding Ordinary Shares calculated as if any Ordinary Shares held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of Ordinary Shares such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Ordinary Shares, or (v) reorganize, recapitalize or reclassify its Ordinary Shares, (B) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding Ordinary Shares, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares not held by all such Subject Entities as of the Subscription Date calculated as if any Ordinary Shares held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding Ordinary Shares or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other stockholders of the Company to surrender their Ordinary Shares without approval of the stockholders of the Company or (C) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more

related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction. For the avoidance of doubt, in no event shall the Merger (as defined in the Merger Agreement) completed on or before the Issuance Date be deemed to be a "Fundamental Transaction."

(w) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(x) "**Holiday**" means a day other than a Business Day or on which trading does not take place on the Principal Market.

(y) "**Lead Investor**" means Altium Growth Fund, LP.

(z) "**Merger Agreement**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(aa) "**Options**" means any rights, warrants or options to subscribe for or purchase (i) Ordinary Shares or ADSs or (ii) Convertible Securities.

(bb) "**Ordinary Shares**" means (i) the Company's ordinary shares, no par value per share, including, without limitation, the Company's ordinary shares, no par value per share, underlying ADSs and (ii) any share capital into which such Ordinary Shares shall be changed or any share capital resulting from a reclassification, reorganization or recapitalization of such Ordinary Shares.

(cc) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person, including such entity whose common capital or equivalent equity security is quoted or listed on an Eligible Market (or, if so elected by the Holder, any other market, exchange or quotation system), or, if there is more than one such Person or such entity, the Person or such entity designated by the Required Holders or in the absence of such designation, such Person or entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction or Change of Control, as applicable.

(dd) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(ee) "**Principal Market**" means The Nasdaq Global Select Market or, if The Nasdaq Global Select Market is not, as of the applicable date of determination, the primary Eligible market with respect to the ADSs, then such primary Eligible Market.

(ff) "**Registrable Securities**" shall have the meaning ascribed to such term in the Registration Rights Agreement.

(gg) "**Registration Date**" means the first date all Registrable Securities (without regard to any Cutback Shares (as defined in the Registration Rights Agreement)) are registered by the Company for resale by the Holder pursuant to one or more effective Registration Statement(s).

(hh) "**Registration Rights Agreement**" means that certain Registration Rights Agreement dated as of the Subscription Date by and among the Company and the Buyers, as may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

(ii) "**Registration Statement**" shall have the meaning ascribed to such term in the Registration Rights Agreement.

(jj) "**Required Holders**" means the holders of the SPA Warrants representing at least a majority of the Ordinary Shares underlying the Warrant Shares issuable upon exercise of the SPA Warrants then outstanding (without regard to any limitation on exercise set forth therein) and shall include the Lead Investor so long as the Lead Investor or any of its Affiliates holds any SPA Warrants.

(kk) "**Rule 144**" means Rule 144 promulgated under the 1933 Act or any successor rule.

(ll) "**Series A Warrants**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(mm) "**Series B Warrants**" shall have the meaning ascribed to such term in the Securities Purchase Agreement, including pursuant to Section 1(g) thereof.

(nn) Intentionally omitted.

(oo) "**Share Delivery Date**" means the earlier of (i) the second (2nd) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case, following the date on which the Holder delivers the applicable Exercise Notice to the Company, so long as the Holder delivers the applicable Aggregate Exercise Price (or notice of a Cashless Exercise) on or prior to the earlier of (i) the second (2nd) Trading Day following the date on which the Holder has delivered the applicable Exercise Notice to the Company and (ii) the number of Trading Days comprising the Standard Settlement Period following the date on which the Holder has delivered the applicable Exercise Notice to the Company (provided that if the applicable Aggregate Exercise Price (or applicable notice of a Cashless Exercise) has not been delivered to the Company by such date, the applicable Share Delivery Date shall be one (1) Trading Day after the Holder has delivered the applicable Aggregate Exercise Price (or applicable notice of a Cashless Exercise) to the Company.

(pp) "**Shares Closing Date**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(qq) "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Principal Market with respect to the ADSs as in effect on the date of delivery of the applicable Exercise Notice.

(rr) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(ss) "**Subsidiary**" means any entity in which the Company, directly or indirectly, owns any of the capital stock or holds an equity or similar interest.

(tt) "**Successor Entity**" means one or more Person or Persons (or, if so elected by the Holder, the Company or Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or Change of Control, as applicable, or one or more Person or Persons (or, if so elected by the Holder, the Company or the Parent Entity) with which such Fundamental Transaction or Change of Control, as applicable, shall have been entered into.

(uu) "**taxes**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(vv) "**Trading Day**" means any day on which the ADSs are traded on the Principal Market.

(ww) "**Weighted Average Price**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00 p.m., New York time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the OTC Link or Pink Open Market (f/k/a OTC Pink) published by the OTC Markets Group, Inc. (or similar organization or agency succeeding to its functions of reporting prices). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 12 with the term "Weighted Average Price" being substituted for the term "Exercise Price." All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction relating to the Ordinary Shares and/or the ADSs, as applicable, during the applicable calculation period.

**[Signature Page Follows]**

**IN WITNESS WHEREOF,** the Company has caused this Warrant to Purchase American Depositary Shares to be duly executed as of the Issuance Date set out above.

**QUOIN PHARMACEUTICALS LTD.**

By: _____
Name:
Title:

**EXHIBIT A**

**EXERCISE NOTICE**

**TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE AMERICAN DEPOSITARY SHARES**

**QUOIN PHARMACEUTICALS LTD.**

The undersigned holder hereby exercises the right to purchase _____ American Depositary Shares ("**Warrant Shares**") of Quoin Pharmaceuticals Ltd., an Israeli company formerly known as Cellect Biotechnology Ltd. (the "**Company**"), evidenced by the attached Warrant to Purchase American Depositary Shares (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

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

_____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

_____ a "Cashless Exercise" with respect to _____ Warrant Shares, resulting in a delivery obligation of the Company to the Holder of _____ ADSs representing the applicable Net Number.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

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

4. Please issue the ADSs into which the Warrant is being exercised to the Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to: _____

_____

Address: _____

Telephone Number: _____

Email Address: _____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: _____

DTC Number: _____
Account Number: _____

Authorization:
By: _____
Title: _____
Dated:
Account Number (if electronic book entry transfer):
Transaction Code Number (if electronic book entry transfer): _____

Date: _____, ___

_____
Name of Registered Holder

By: _____
Name:
Title:

**ACKNOWLEDGMENT**

The Company hereby acknowledges this Exercise Notice and hereby directs Computershare Shareowner Services LLC to issue the above indicated number of ADSs in accordance with the Transfer Agent Instructions dated as of March 21, 2022 from the Company and acknowledged and agreed to by Computershare Shareowner Services LLC.

**QUOIN PHARMACEUTICALS LTD.**

By: _____
Name:
Title:

***The following description of our securities registered pursuant to the Securities Exchange Act of 1934 is a summary of the material terms of our articles of association, Israeli corporate law and such securities. This description contains all material information concerning such securities but does not purport to be complete.***

## DESCRIPTION OF ORDINARY SHARES

### Ordinary Shares

As of April 12, 2022, our authorized share capital consisted of 50,000,000,000 ordinary shares, no par value. As of April 12, 2022, there were 3,354,653,999 ordinary shares outstanding (which excludes 2,641,693 ordinary shares held in treasury). All of our outstanding ordinary shares are validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and do not have any preemptive rights.

#### *Articles of Association*

The following are summaries of material provisions of our articles of association and the Israeli Companies Law, as amended (the "Companies Law"), insofar as they relate to the material terms of our ordinary shares.

#### *Purposes and Objects of the Company*

Our purpose is set forth in Section 2 of our articles of association and includes every lawful purpose.

#### *Registration Number*

Our number with the Israeli Registrar of Companies is 520036484.

### Voting Rights

Holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders at a shareholders meeting. Shareholders may vote at shareholders meetings either in person, by proxy or by written ballot. Israeli law does not allow public companies to adopt shareholder resolutions by means of written consent in lieu of a shareholders meeting. The board of directors shall determine and provide a record date for each shareholders meeting and all shareholders at such record date may vote. Unless stipulated differently in the Companies Law or in the articles of association, all shareholders' resolutions shall be approved by a simple majority vote. As a general rule, an amendment to our articles of association requires the prior approval of a simple majority of our shares represented and voting at a general meeting.

#### *Transfer of Shares*

Our ordinary shares that are fully paid for are issued in registered form and may be freely transferred under our articles of association, unless the transfer is restricted or prohibited by applicable law or the rules of a stock exchange on which the shares are traded. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our articles of association or Israeli law, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

#### *Amendment of Share Capital*

Our articles of association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Companies Law and must be approved by a resolution duly passed by our shareholders at a general or special meeting by voting on such change in the capital. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings and profits, or an issuance of shares for less than their nominal value (which would be applicable to our company should our articles be changed so as to permit the issue of shares having a nominal value, however our shares currently have no nominal value), require a resolution of our board of directors and court approval.

#### *Dividends*

Under Israeli law, we may declare and pay dividends only if, upon the determination of our board of directors, there is no reasonable concern that the distribution will prevent us from being able to meet the terms of our existing and foreseeable obligations as they become due. Under the Companies Law, the distribution amount is further limited to the greater of retained earnings or earnings generated over the two most recent years

legally available for distribution according to our then last reviewed or audited financial statements, provided that the date of the financial statements is not more than six months prior to the date of distribution. In the event that we do not have retained earnings or earnings generated over the two most recent years legally available for distribution, we may seek the approval of the court in order to distribute a dividend. The court may approve our request if it determines thatthere is no reasonable concern that the payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

***Shareholders Meetings***

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year and in any event no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to as special meetings. Our board of directors may call special meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law and our articles of association provide that our board of directors is required to convene a special meeting upon the written request of (1) any two of our directors or one quarter of the directors then in office; or (2) one or more shareholders holding, in the aggregate either (a) 5% of our issued share capital and 1% of our outstanding voting rights, or (b) 5% of our outstanding voting rights.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings of a company are the shareholders of record on a date to be decided by the board of directors which for us, as a company listed on an exchange outside Israel, may be between four and forty days prior to the date of the meeting.

The Companies Law and our articles of association require that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our articles of association;
- appointment or termination of our auditors;
- appointment and dismissal of External Directors, if and to the extent any are required to be appointed;
- increases or reductions of our authorized share capital;
- a merger;
- authorizing the Chairman of the board of directors or his relative to serve as the company's Chief Executive Officer or be vested with such authority; or authorizing the company's Chief Executive Officer or his relative to serve as the Chairman of the board of directors or be vested with such authority; and
- approval of acts and transactions requiring general meeting approval pursuant to the Companies Law;

Under the Companies Law and our articles of association, notice of any annual or special shareholders meeting be provided at least 14 days prior to the meeting, and if the agenda of the meeting includes the appointment or removal of directors, the approval of office holders' compensation or transactions with office holders or interested or related parties, approval of a merger, or authorization of the Chairman of the board or his relative to serve as or be vested with authorities of the Chief Executive Officer, or of the Chief Executive Officer to serve as or be vested with authorities of the Chairman of the board, notice must be provided at least 35 days prior to the meeting.

***Quorum***

The quorum required for our general meetings of shareholders consists of two or more shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law and our articles of association, who hold or represent, in the aggregate, at least 25% of the total outstanding voting rights (instead of 33 1/3% of the issued share capital required under the Nasdaq Listing Rules), within half an hour from the time the meeting was designated to start.

A meeting adjourned for lack of a quorum will be adjourned for one week, to the same day in the following week and at the same time and place, or to a later date if so specified in the notice of the meeting, or to another day or place determined by our board of directors in a notice to shareholders. At the reconvened meeting, if a quorum is not present within half an hour from the scheduled time, any number of our shareholders present in person or by proxy shall constitute a lawful quorum.

***Resolutions***

Our articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by applicable law. Under the Companies Law, certain actions require the approval of a special majority, including: (i) an extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest, or any

transaction regarding the terms of employment or other engagement of a controlling shareholder or a controlling shareholder's relative, other than certain exceptions as provided by regulatory relief – all as described in *"Disclosure of Personal Interest of Controlling Shareholders and Approval of Certain Transactions"* above, (ii) matters related to the compensation of our Chief Executive Officer, other than special circumstances under which our compensation committee can exempt such transactions from shareholder approval, as described in "*Compensation Committee and Compensation Policy*" above, (iii) the adoption of a compensation policy, as described in "*Compensation Committee and Compensation Policy*" above, (iv) compensation arrangements or grants that are exceptions to the guidelines under our compensation policy, (v) authorization of our Chief Executive Officer to serve as or be vested with the authorities of the Chairman of our board of directors, or for the Chairman of our board of directors to serve as or be vested with the authorities of our Chief Executive Officer, and (vi) appointment of External Directors, if any are appointed (see "*External Directors*" above).

The Companies Law provides that a shareholder, in exercising his or her rights and performing his or her obligations toward the company and its other shareholders, must act in good faith and in a customary manner, and avoid abusing his or her power – see *Shareholder Duties* above for more details.

***Dissolution***

Generally under Israeli law, a resolution for the voluntary winding up of a company requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy or by written ballot and voting on the resolution.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares (including holders of entitlements to shares, after deducting the nominal value (if any) of such shares and the price which would have been paid in order to exercise the right to such shares), in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

***Access to Corporate Records***

Under the Companies Law, all shareholders of a company generally have the right to review minutes of the company's general meetings, its register of shareholders and material shareholders, articles of association, financial statements and any document it is required by law to file publicly with the Israeli Companies Registrar. Any of our shareholders may request to review any document in our possession that relates to any action or transaction with a related party, interested party, or office holder that requires shareholder approval under the Companies Law. We may deny a request to review a document if we determine that the request was not made in good faith, that the document contains a trade secret or patent, or that the document's disclosure may otherwise prejudice our interests.

***Acquisitions under Israeli Law***

*Full Tender Offer*

A person wishing to acquire shares of a public Israeli company, and who would as a result hold over 90% of the target company's issued and outstanding share capital, is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company, and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares, is required to make a tender offer to all of the shareholders who hold shares of that class for the purchase of all of the issued and outstanding shares of that class. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law, provided that a majority of the offerees that do not have a personal interest in such tender offer, have accepted the tender offer. Alternatively, if shareholders who do not accept the tender offer represent less than 2% of the company's issued and outstanding share capital (or less than 2% of the applicable class of shares), approval by a majority of the offerees that do not have a personal interest in such tender offer is not required to complete the tender offer. A shareholder whose shares are so transferred may petition the court regarding the fair value to be paid in consideration of such shares, within six months from the date of acceptance of the full tender offer; this right of petition applies to all offeree shareholders, unless the acquirer stipulated in the tender offer that a shareholder accepting the offer may not seek appraisal rights, and prior to the acceptance of the full tender offer, the acquirer and the company disclosed the information required by law in connection with a full tender offer. To the extent a court so petitioned determines that the offered value was less than the fair value per share, the court may order the difference to be paid.

*Special Tender Offer*

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a "special tender offer" complying with the relevant provisions of the Companies Law if, as a result of the acquisition, the purchaser would

become a holder of 25% or more of the voting rights in the company, if there did not previously exist a holder of 25% or more of the voting rights in the company, or if, as a result of the acquisition, the purchaser would become a holder of more than 45% of the voting rights in the company, if there did not previously exist a holder of more than 45% of the voting rights in the company. This requirement does not apply if the acquisition: (a) occurs in the context of a private placement by the company that received shareholder approval as a private placement giving the offeree 25% or 45% of the company's voting rights (as the case may be); (b) is from a holder of 25% or more of the voting rights in the company and results in the acquirer becoming a holder of 25% or more of the voting rights in the company; or (c) is from a holder of more than 45% of the voting rights in the company and results in the acquirer becoming a holder of more than 45% of the voting rights in the company.

In the event that a special tender offer is made, the target company's board of directors is required to express its opinion on the advisability of the offer, or may abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention.

A special tender offer must be directed to all offerees, and the offerees may give notice of their agreement or opposition to the special tender offer. The special tender offer will be consummated only if: (a) at least 5% of the voting rights attached to the company's outstanding shares will be acquired by the offeror and (b) among those shareholders who gave notice of their position (excluding any controlling shareholders of the offeror, holders of 25% or more of the voting rights in the target company, and any person having a personal interest in the acceptance of the tender offer, including relatives or corporations under the control of any of the above), the number of shares whose holders agreed to the offer exceeds the number of shares whose holders objected to the offer.

If a special tender offer is accepted by the procedure described above, then shareholders who did not respond to or who objected the offer may accept the offer within four days of the last day set for the acceptance of the offer.

An office holder in a company which is the target of a special tender offer who, in his or her capacity as an office holder, performs an act or omits to act for in order to cause the failure of an existing or foreseeable special tender offer, or to impair the likelihood of its acceptance, is liable to the offeror and offerees for damages, unless such office holder acted in good faith and had reasonable grounds to believe that such act or omission was beneficial to the company. As a safe harbor, office holders of the target company may negotiate with a potential purchaser in order to improve the terms of a special tender offer, or negotiate with third parties in order to obtain a competing offer.

In the event that a special tender offer is accepted, the purchaser, any person or entity controlling or controlled by the purchaser, or under common control with the purchaser, may not make a subsequent tender offer for the purchase of shares of the target company, and may not enter into a merger with the target company, for a period of one year from the date of the offer, unless the purchaser or such person or entity undertakes to effect such an offer or merger as a special tender offer in compliance with the Companies Law requirements.

Under regulations enacted pursuant to the Companies Law, the above special tender offer requirements may not apply to companies whose shares are listed for trading on a foreign stock exchange if, among other things, the relevant foreign laws or the rules of the stock exchange include provisions limiting the percentage of control which may be acquired, or provide that the purchaser is required to make a tender offer to the public. However, the opinion of the Israeli Securities Authority (the "**ISA**") is that such exemption does not apply with respect to companies whose shares are listed for trading on stock exchanges in the United States, including Nasdaq, which, in the ISA's opinion, do not provide for sufficient legal restrictions on obtaining control or an obligation to make a tender offer to the public.

*Merger*

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain conditions described under the Companies Law are met, by each party's shareholders by a majority vote as described below.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the shares voted at the shareholders meeting held by shareholders who are not the other party to the merger, or held by any person who holds 25% or more of the outstanding shares or the right to appoint 25% or more of the directors of the other party to the merger (including relatives or entities in control of the above), vote against the merger. If the transaction would have been approved but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the relative value of the merger parties and the consideration offered to the shareholders. If the non-surviving entity of the merger has more than one class of shares, the merger must be approved by each class of shareholders. If a merger is with a company's controlling shareholder or if a controlling shareholder has a personal interest in the merger, then the merger will be subject to the special majority approval required for an extraordinary transaction with a controlling shareholder (see: *Approval of Related Party Transactions under Israeli Law – Declaration of Personal Interest of Controlling Shareholders and Approval of Certain Transactions*). In the context of mergers (as well as other related party transactions), a "controlling shareholder" under Israeli law is deemed to include any shareholder

holding 25% or more of the voting rights in the company if no other shareholder owns more than 50% of the voting rights in the company, and two or more shareholders with a personal interest in the approval of the same transaction are deemed to be one shareholder for such purpose.

The Companies Law requires the board of directors of a merging company to discuss and determine whether, in its view, there exists a reasonable concern that as a result of the proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, and if not, the board of directors may not approve the merger. The Companies Law requires each merging company to inform its secured creditors of the proposed merger plan. Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger, and may further give instructions to secure the rights of creditors.

A merger may not be completed unless at least 50 days have passed from the date that a proposal for approval of the merger is filed with the Israeli Registrar of Companies, and 30 days have passed from the date the merger was approved by the shareholders of each merging company.

*Antitakeover Measures*

The Companies Law allows us to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights, distributions or other matters, and shares having preemptive rights. As of the date of this report, we do not have any authorized or issued classes of shares other than our ordinary shares. In the future, if we do create and issue a class of shares other than ordinary shares, such class of shares, depending on the specific rights that may be attached to them, may delay or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their ordinary shares. The authorization of a new class of shares will require an amendment to our articles of association which requires the prior approval of the holders of a majority of our shares at a general meeting. Shareholders voting in such meeting will be subject to the restrictions provided in the Companies Law as described above.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

The Bank of New York Mellon (the “Depositary”), as depositary, has registered and delivered American Depositary Shares, also referred to as ADSs. Each ADS represents four hundred (400) ordinary shares (or a right to receive four hundred (400) ordinary shares) deposited with The Bank of New York Mellon in Manchester, United Kingdom, as custodian for the Depositary. The Depositary’s corporate trust office at which the ADSs will be administered is located at 240 Greenwich Street, New York, New York 10286. The Bank of New York Mellon’s principal executive office is located at 240 Greenwich Street, New York, New York 10286.

ADSs may be held either (a) directly (1) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs or (2) by having uncertificated ADSs, or (b) indirectly by holding a security entitlement in ADSs through a broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If ADSs are held directly by the holder, then that holder is registered as such, and is referred to in our description here an ADS holder. An indirect holder of ADSs indirectly must rely on the procedures of the holder’s broker or other financial institution to assert the rights of ADS holder described in this Exhibit.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

We will not treat registered ADS holders as one of our shareholders, and they will not have shareholder rights. Israeli law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying ADSs. A registered holder of ADSs will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR.

**Dividends and Other Distributions**

***How will you receive dividends and other distributions on the shares?***

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent.

**Cash**. The depositary will convert any cash dividend or other cash distribution we pay in non-U.S. currency on the ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency, and it will not be liable for any interest.

Before making a distribution, the depositary will deduct any withholding taxes, or other required governmental charges. See "Taxation" below. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.

**Shares**. The depositary may distribute additional ADSs representing any ordinary shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell ordinary shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed ordinary shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

***Rights to purchase additional shares***. If we offer holders of our securities any rights to subscribe for additional ordinary shares or any other rights, the depositary may (1) exercise those rights on behalf of ADS holders, (2) distribute those rights to ADS holders or (3) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of ordinary shares, new ADSs representing the new ordinary shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

***Other Distributions***. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with non-U.S. currency. Alternatively, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

**Deposit, Withdrawal and Cancellation**

***How are ADSs issued?***

The depositary will deliver ADSs upon deposits of ordinary shares or evidence of rights to receive ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

***How can ADS holders withdraw the deposited securities?***

ADS holders may surrender ADSs for the purpose of withdrawal at the Depositary's account at DTCC (BNYM's DTC participant #2504). Upon payment of its cancellation fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates in accordance with the Cancellation Instruction provided to The Bank of New York Mellon.

***How do ADS holders interchange between certificated ADSs and uncertificated ADSs?***

ADS holders may surrender ADS to the depositary for the purpose of exchanging ADS for uncertificated ADSs. The depositary will cancel that ADS and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADS evidencing those ADSs.

**Voting Rights**

ADS holders may instruct the depositary how to vote the number of deposited ordinary shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary.

The depositary will try, as far as practical, subject to the laws of Israel and the provisions of our articles of association or similar documents, to vote or to have its agents vote the ordinary shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, ADS holders will not be able to exercise voting rights, unless they surrender your ADSs and withdraw the ordinary shares. However, ADS holders may not know about the meeting sufficiently in advance to withdraw the ordinary shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure that ADS holders will receive the voting materials in time to ensure that they can instruct the depositary to vote ordinary shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that ADS holders may not be able to exercise voting rights and there may be nothing they can do if your ordinary shares are not voted as requested.

In order to give ADS holders a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least thirty days in advance of the meeting date.

***Fees and Expenses***

| ***Persons depositing or withdrawing shares or ADS holders must pay:*** | ***For*:** |
|---|---|
| $5.00 (or less) per 400 ADSs (or portion of 400 ADSs) | Issuance of ADSs, including issuances resulting from a distribution of ordinary shares or rights or other property<br>Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates |
| $0.05 (or less) per ADS | Any cash distribution to ADS holders |
| A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs | Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders |
| $0.05 (or less) per ADSs per calendar year | Depositary services |
| Registration or transfer fees | Transfer and registration of ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw ordinary shares |
| Expenses of the Depositary | Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); converting foreign currency to U.S. dollars |

| | |
|---|---|
| Taxes and other governmental charges the Depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes | As necessary |
| Any charges incurred by the Depositary or its agents for servicing the deposited securities | As necessary |

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

**Payment of Taxes**

ADS holders are responsible for any taxes or other governmental charges payable on their ADSs or on the deposited securities represented by any of their ADSs. The depositary may refuse to register any transfer of ADSs or allow a withdrawal of the deposited securities represented by your ADSs, until such taxes or other charges are paid. It may apply payments owed to the ADS holder or sell deposited securities represented by the ADSs to pay any taxes owed and the ADS holder will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

**Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADSs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender or of those ADSs or cancel those ADSs upon notice to the ADS holders.

**Amendment and Termination**

***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the ADSs without consent of the ADS holders for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, ADS holders are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

***How may the deposit agreement be terminated?***

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist our ordinary shares from an exchange on which they were listed and do not list the ordinary shares on another exchange;
- we appear to be insolvent or enter insolvency proceedings all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

**Limitations on Obligations and Liability**

***Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if we are or it is prevented or delayed by law or circumstances beyond our or its control from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;

- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;

- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;

- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and

- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

**Requirements for Depositary Actions**

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities;

- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and

- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

**Right to Receive the Ordinary Shares Underlying ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (1) the depositary has closed its transfer books or we have closed our transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders meeting; or (3) we are paying a dividend on our shares;

- when you owe money to pay fees, taxes and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

**Pre-release of ADSs**

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depositary may also deliver ordinary shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying ordinary shares are delivered to the depositary. The depositary may receive ADSs instead of ordinary shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the ordinary shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; and (3) the depositary must be able to close out the pre-release on not more than five business days' notice. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time if it thinks it is appropriate to do so.

**Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, or DRS, and Profile Modification System, or Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holdings of uncertificated ADSs and holdings of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

**Shareholder communications; inspection of register of holders of ADSs**

The depositary will make available for your inspection at its office all communications from us that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you upon our request. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

# EXCLUSIVE LICENSE AGREEMENT

This agreement (hereinafter "Agreement"), effective as of this 17th day of October, 2019 (hereinafter the “Effective Date”), is by and between the Skinvisible Pharmaceuticals, Inc. a Nevada corporation and having its principal place of business at 6320 South Sandhill Road, Suite 10, Las Vegas, Nevada, 89120 (“Skinvisible”) and Quoin Pharmaceuticals, Inc., a Delaware corporation having a place of business located at 42127 Pleasant Forest Court, Ashburn, VA, 20148 (hereinafter “Licensee”).

## 1.0 Preamble

**1.1** Skinvisible is the owner of the Patent Rights as defined below.

**1.2** Skinvisible desires that the Patent Rights be used for the development of products for commercial sale in the Field in the Territory, and to this end desires to license the Patent Rights to a company capable of such development.

**1.3** Licensee desires to acquire a license to the Patent Rights so that it can develop products in the Field in the Territory. Licensee is under no contractual or other obligation that encumbers, restricts, or limits any of the rights granted by Skinvisible under this Agreement.

## 2.0 Definitions

**2.1** Terms defined in this Article 2.0, and parenthetically defined elsewhere in this Agreement, will throughout this Agreement have the meaning here or there provided. Defined terms may be used in the singular or in the plural, as sense requires.

**2.2** “Affiliate” means any corporation or other business entity that controls, is controlled by, or is under common control with the Licensee or Skinvisible. “Controls,” “control” or “controlled” as used in this paragraph means direct or indirect ownership of more than fifty percent (50%) of the voting stock of such corporation, or more than a fifty percent (50%) interest, direct or indirect, in the decision-making authority of such other unincorporated business entity.

**2.3** “Confidential Information” means information that is marked as confidential, or, if orally or visually disclosed, is indicated at the time of disclosure as confidential and provided in written form within thirty days. Notwithstanding the foregoing, the Receiving Party will have no obligation of confidentiality relating to any information of the Disclosing Party that:

(i) is disclosed by the Disclosing Party without restriction on further dissemination or is otherwise disclosed by the Receiving Party in compliance with the terms of the Disclosing Party’s prior written approval; or

(ii) at the time of receipt by the Receiving Party was independently known or developed by the Receiving Party, or becomes independently known to the Receiving Party thereafter, and can be so documented by written records; or

(iii) at any time becomes generally known to the public or otherwise publicly available through no fault of Receiving Party; or

(iv) has been or is made available to Receiving Party by a third party having the lawful right to do so without breaching any obligation of nonuse or confidentiality to Disclosing Party; or

(v) the Receiving Party is obligated to disclose in order to comply with applicable laws or regulations, or with a court or administrative order, provided that the Receiving Party (i) promptly notifies the Disclosing Party, and (ii) cooperates reasonably with the Disclosing Party's efforts to contest or limit the scope of such disclosure.

**2.4** "Field" means all prescription drug products for indications listed in Appendix B except for the Exclusions listed.

**2.5** "First Commercial Sale" means the initial transfer by or on behalf of Licensee or its Affiliate in exchange for cash or some equivalent of product to be sold commercially. This does not include clinical supplies or product samples.

**2.6** "Licensed Product" means any tangible materials developed using the Polymer, the Patent Rights or Technical Information in the Field. For the avoidance of doubt, Licensed Products excludes any product where an ingredient is any form of cannabis (from marijuana or hemp) whether natural, synthetic or otherwise derived, or hemp seed oil.

**2.7** "Net Sales Revenue" means the gross amount of monies or cash equivalent or other consideration that is invoiced by Licensee or Affiliate to unrelated third parties for sale or transfer of Licensed Products, less (a) all trade, quantity, and cash discounts actually allowed and taken; (b) credits and allowances actually granted and taken on account of rejections, returns, or billing errors; (c) packing costs; (d) transportation; (e) insurance; (f) taxes, duties, tariffs, or other governmental charges imposed on the sale of the Licensed Product, including value added taxes or other governmental charges otherwise measured by the amount paid for the Licensed Product, but specifically excluding taxes based on the net income of the seller.

**2.8** "Patent Rights" means those patents and patent applications listed in Appendix A and all patents claiming priority thereto or arising therefrom.

2.8.1 "Patent Rights" includes patents and patent applications, whether domestic or foreign, including all provisionals, divisionals, continuations, reissues, reexaminations, renewals, extensions, and supplementary protection certificates of any such patents and patent applications.

2.8.2 Only to the extent that claims issuing therefrom obtain the benefit of a priority date of any of the foregoing applications and contain one or more claims directed to the invention or inventions disclosed in 2.8.1., "Patent Rights" also includes continuations-in-part, and all divisionals and continuations of these continuations-in-part, patents arising therefrom, and foreign patents, extensions, and supplemental protection certificates and applications corresponding thereto

**2.9** "Polymer": shall mean Skinvisible's proprietary polymer delivery system technology covered by those patents and patent applications listed in Appendix A and all patents claiming priority thereto or arising therefrom and developed using the Technical Information for the Licensed Products.

**2.10** "Sublicense" means the present, future or contingent transfer of the license, right, or option granted under Article 3.0. to import, make, have made, use, and sell the Licensed Product including the clinical development of the Licensed Product.

**2.11** "Sublicensee" means any third party to whom Licensee has granted a sublicense pursuant to Article 4.0 of this Agreement to make, have made, use, and/or sell the Licensed Product under the Patent Rights, provided the third party has agreed in writing with Licensee to accept the conditions and restrictions agreed to by Licensee in this Agreement.

**2.12** "Territory" means all countries in the world.

**2.13** "Technical Information" means as it applies to Licensed Products only; any technical facts, data, or advice, written or oral (in the form of information contained in patents and patent applications, reports, letters, drawings, specifications, testing procedures, training and operational manuals, bills of materials, photographs and the like) developed prior to the Effective Date of this Agreement that: (a) is directly related to the Patent Rights; (b) was developed at Skinvisible; and (c) is owned or in the possession of Skinvisible.

## 3.0 Grant of Rights

**3.1** Grant. Subject to Licensee's compliance with Articles 8.0 (Licensing Fees and Royalty) and 9.0 (Payments and Reports), and all other provisions of this Agreement, and to the reservation of rights in Paragraphs 3.2, Skinvisible hereby grants to Licensee, and Licensee accepts, an exclusive, royalty-bearing license, with the right to Sublicense, in the Field under the Patent Rights and Technical Information to import, make, have made, and use, and sell Licensed Products in the Territory. Once the License Fee in clause 7.1 has been fully paid, the grant of rights shall fully come into effect. Until then Licensee's rights will be limited to R&D, clinical trial and regulatory submission uses only.

**3.2** No Other Rights Implied. This Agreement confers no license or rights by implication, estoppel, or otherwise under any patent applications or patents of Skinvisible other than the Patent Rights defined in Paragraph 2.8 and Appendix A attached hereto, regardless of whether such patents are dominant or subordinate to the Patent Rights.

## 4.0 Sublicensing

**4.1** Right to Sublicense. During the term of exclusivity of the license granted in Section 3.1 of this Agreement, Licensee will have the right to grant Sublicenses to Licensed Products in the Field and Territory. For clarity, the Licensee does not have the right to Sublicense the formulation development of the Licensed Product.

**4.2** Obligations of Licensee. With respect to the right to Sublicense granted pursuant to this Section, Licensee shall:

4.2.1 assume responsibility for its Sublicensees and not grant any rights that are inconsistent with the rights and obligations of this Agreement. Any act or omission of a Sublicensee that would be a breach of this Agreement if performed by Licensee will be deemed a breach by Licensee of this Agreement;

**5.0 Confidential Information**

**5.1** Patent and Technical Information. Licensee acknowledges that it has previously received copies of all patents and patent applications comprising the Patent Rights. Skinvisible agrees to provide Licensee with Technical Information upon request, however only on an as needed basis. For clarity, Skinvisible is not obligated to provide all confidential information regarding all Polymer formulations, only those formulations Skinvisible deems relevant to the Licensed Product and only at the time it is being used for a specific Licensed Product's development by the Licensee. Prior to 50% of the License Fee being paid, the Licensee is restricted to Technical Information for a maximum of two (2) Polymers for 2 product formulations. Pursuant to this Agreement, all information and correspondence relating to the Patent Rights received from Skinvisible or Skinvisible's patent counsel and all Technical Information is considered Skinvisible's Confidential Information, whether or not marked as confidential.

Skinvisible acknowledges that it has previously received copies of confidential business information of Licensee. Pursuant to this Agreement, all information and correspondence relating to Licensee's confidential business information received from Licensee is considered the Licensee's Confidential Information, whether or not marked as confidential.

**5.2** Confidentiality Obligation. Beginning on the Effective Date of this Agreement and continuing throughout the term of this Agreement and shall survive the termination of this Agreement, whether upon expiration or termination by either party, neither party will at any time, without the express prior written consent of the other, disclose or otherwise make known or available to any third party any Confidential Information of the other party. The receiving party will utilize reasonable procedures to safeguard the Confidential Information of the disclosing party, including releasing such Confidential Information only to its employees, agents, or Affiliates on a "need-to-know" basis and those individuals shall be bound to the same confidentiality obligations as defined in this Agreement. Licensee is authorized to release Confidential Information to potential Sublicensees for the purpose of negotiating and granting a Sublicense, provided that Licensee takes reasonable precautions to safeguard such Confidential Information of Skinvisible. The Licensee, its employees, agents or Affiliates, shall not use Skinvisible's Confidential Information in any manner that would breach this Agreement. Licensee shall not use Technical Information for the development of any products or for any other purpose outside of the scope of this Agreement even after a specific Skinvisible patent has expired.

**5.3** Licensee's Confidential Information. Except as required by law, Skinvisible will maintain in confidence all information provided by Licensee as Licensee's Confidential Information. In the event of a request for such information, Skinvisible agrees to inform Licensee of such request.

**6.0 Patent Prosecution and Cost Recovery**

6.1 Patent Prosecution. Skinvisible or its designee will have sole control over the filing, prosecution, maintenance, and management of any and all issued patents and pending and future patent applications encompassing the Patent Rights, as of the Effective Date of this Agreement;. Skinvisible will select all outside counsel for prosecution of the Patent Rights and

such counsel will represent Skinvisible in such prosecution. Skinvisible will keep Licensee fully informed, at Licensee's expense, of all prosecution related actions, including submitting to Licensee copies of all official actions and responses, and will reasonably cooperate with Licensee to whatever extent is reasonably necessary to provide Licensee the full benefit of the license granted herein. Each party will promptly inform the other as to all matters that come to its attention that may affect the preparation, filing, prosecution, or maintenance of the Patent Rights and permit a reasonable amount of time for each other to provide comments and suggestions with respect to the preparation, filing, and prosecution of Patent Rights, which comments and suggestions will be considered by the other party.

6.2 Extension of Licensed Patent(s). Licensee may request that Skinvisible have the normal term of any Patent Rights extended or restored under a country's procedure of extending patent term for time lost in governmental regulatory approval processes, and the expense of doing so shall be borne by Licensee. Licensee shall assist Skinvisible to take whatever action is necessary to obtain such extension. In the case of such extension, royalties pursuant to Article 8.0 shall be payable until the end of the extended life of the patent. In the event that Licensee does not elect to extend Patent Rights, Skinvisible may, at its own expense, effect the extension of such patents.

**7.0 Licensing Fees, Milestone Payments and Royalties**

7.1 License Fee. As partial consideration for the rights conveyed by Skinvisible under this Agreement, Licensee agrees to pay to Skinvisible a one-time, non-refundable, non-creditable license issue fee of one million USD dollars (USD $1,000,000) ("License Fee"). In the event that the Licensee's initial funding event is equal to or greater than ten million USD (USD $10,000,000), the full License Fee shall be payable immediately upon the successful closing of the initial funding event. In the event that any funding event is less than USD$10,000,000, Licensee will pay Skinvisible a non-refundable 10% of the net amount raised in any funding event until the full License Fee is paid, with a minimum non-refundable payment of five hundred thousand USD dollars (USD $500,000) due no later than December 31, 2019 ("First Half Payment") and the balance due no later than March 31, 2020. This Agreement will automatically terminate if the First Half Payment is not paid by December 31st, 2019 or the full License Fee is not paid by March 31, 2020. Licensee agrees to hold bi-monthly update calls with Skinvisible on the status of funding until such time the full License Fee is paid.

7.2 Earned Royalties.

7.2.1 During the term of this Agreement, Licensee agrees to pay to Skinvisible an earned royalty of five percent (5%) of Licensee's Net Sales Revenue for each Licensed Product for the last to expire of the Patent Rights or Extension of Patent Rights (the "Royalty Period"), .Earned royalty payments are due and payable within forty-five (45) days of the end of each calendar quarter.

7.2.2 In the event that Licensee Sublicenses a Licensed Product to a Third Party, the Licensee agrees to pay Skinvisible 25% of the revenue received as royalty payments ("Royalty Revenue") from the Third Party up to a maximum royalty of 5% of Sublicensee's net sales.

7.2.3 Reduction of Royalty Fees. For Licensed Product sold by Licensee or an

Affiliate, if, during the Royalty Period, any third party makes available for purchase a Generic Product (as defined below), the Royalty Fees with respect to such Royalty Products shall be reduced from 5% to 2.5% with respect to Net Revenue from the country in which such Generic Product is sold. If, during the Royalty Period, one or more third parties make available for purchase two or more Generic Products, the Royalty Fees with respect to such Royalty Products shall be reduced from 2.5% to 1% with respect to Net Revenue from the country in which such Generic Products are sold. For Licensed Product sold by a Sublicensee, if, during the Royalty Period, any third party makes available for purchase a Generic Product (as defined below), the Royalty Fees due to Skinvisible with respect to such Licensed Products shall be reduced to 15% of Licensee's Royalty Revenue with respect to Net Revenue from the country in which such Generic Product is sold. If, during the Royalty Period, one or more third parties make available for purchase two or more Generic Products, the Royalty Fees due to Skinvisible with respect to such Licensed Products shall be reduced from 15% to 5% of Licensee's Royalty Revenue from the country in which such Generic Products are sold. As used herein, "Generic Product" means any product approved by the FDA or another applicable domestic or foreign regulatory authority to be deemed generically equivalent to the Royalty Product irrespective of its formulation but with the same active ingredient as the Licensed Product.

7.3 Milestone Payments. Licensee agrees to pay Skinvisible the following milestone payments for Licensed Products for the first Rare Skin Disease Product and the first two (2) Ketamine Products to reach each milestone as set forth below (the "First Products"). For the avoidance of doubt, if a clinical milestone is reached by Licensee the full Milestone Payment is due to Skinvisible. If the clinical milestone is reached by a Sublicensee of the Licensed Product then 25% of the Milestone Payment is due to Skinvisible. Milestones are described below:

7.3.1 Clinical Milestones and Milestone Payments:

(i) Successful completion of Phase 2 testing: $2.5 million
(ii) Successful completion of Phase 3 testing: $5.0 million.
(iii) Regulatory approval in US: $10 million
(iv) Regulatory approval in EU: $5.0 million

7.3.2 Sales Milestones. Sales Milestones shall be paid for each and every Licensed Product commercialized by Licensee or its affiliates as follows when Licensee's net sales for each Licensed Product achieves the following levels in any one calendar year. No Sales Milestones will be paid for sublicensed products.

(a) $10 million for $100 million in sales.
(b) $25 million for $250 million in sales.
(c) $50 million for $400 million in sales.

7.3.3 Milestone Notification. Licensee must notify Skinvisible in writing within thirty (30) days upon the achievement of each milestone. Payment of the appropriate milestone payment shall be made within sixty (60) days of achievement of each milestone. No sales milestone payments will be made for any sublicensed product.

7.4 Royalty Stacking: If, during the term of this Agreement, Licensee is required to obtain one

or more licenses from any third party ("Third Party License(s)") in order to avoid infringing such third party's patent(s) in the development, manufacture, or sale of the Licensed Products, and the total royalty payable by the Licensee on the Licensed Products under this Agreement and to all Third Party License(s) exceeds 20% of the Net Sales Value, the Skinvisible's royalty rate shall be reduced proportionately, but in no event shall Skinvisible royalty rate fall below 3% except as under the conditions outlined in section 8.3.

7.5 Minimum Timeline of First Licensed Product: Licensee agrees to commence clinical testing on at least one Licensed Product in the Field within 12 months from the Effective Date ("Development Deadline") where clinical testing is defined as a study in which one or more human subjects are prospectively assigned to one or more interventions including a Licensed Product to evaluate the effects of those interventions on health-related biomedical or behavioral outcomes In the event that Licensee has not commenced such testing by the Development Deadline, this Agreement will terminate immediately unless initiation of such testing has been materially delayed by the FDA or another regulatory authority by putting the product on a clinical hold which would then put the Development Deadline on hold. Licensee will promptly inform Skinvisible if it receives a clinical hold from the FDA or another regulatory authority and Licensee will respond to the request in a timely fashion. . In the event Licensee concludes that successful resolution of the clinical hold is not feasible then Licensee will promptly inform Skinvisible that it is ceasing further development of that Licensed Product and Skinvisible will have the right to use or license its technology for that particular indication including the same active ingredient. Skinvisible, however, will not use any of the use of Licensees confidential information. When the clinical hold has been fully lifted, the clock on the 12 month commitment will resume for an additional 12 month period.

**8.0 Payment and Reports**

8.1 Reports.

8.1.1 Royalty Reports. With each royalty payment, Licensee must include a report setting forth such particulars of the business conducted by Licensee, Affiliate, and each Sublicensee during the preceding calendar quarter as will be pertinent to royalty accounting as specified in this Agreement. This report must include at least (a) the number of units of Licensed Products sold; (b) gross amounts billed or invoiced for Licensed Products; (d) net revenues received from each Sublicensee during the most recently complete calendar quarter; (e) discounts and allowances and any other deductions; and (f) calculation of total royalties due Skinvisible.

8.1.2 Clinical Status Reports. Licensee agrees to provide Skinvisible with written quarterly updates on the status of the clinical development and Clinical Milestones for the first Rare Skin Disease Product and the first two (2) Ketamine Licensed Products in addition to development and commercial updates for all other Licensed Products.

8.2 Payments.

8.2.1 Royalties shall accrue when Licensee has received payment from a third Party or Sublicensees for Licensed Products delivered to a third party or Sublicensee.

8.2.2 Licensee must pay earned royalties to Skinvisible quarterly within forty five

(45) days of each of the following dates: March 31, June 30, September 30, and December 31 of each year.

8.3 Form of Payments. All payments required under this Agreement must be made in U.S. dollars by check or money order payable to Skinvisible Nevada, and delivered to Skinvisible as specified in this Agreement; or, if so directed in writing by Skinvisible, in such currency, form, and to such account as Skinvisible may designate. The royalties on sales in currencies other than U.S. Dollars must be calculated using the appropriate foreign exchange rate for such currency quoted in The Wall Street Journal on the last business day of the calendar quarter in which the Net Sales Revenue occurred.

**9.0 Polymer Sourcing**

Polymer Manufacturing: Licensee shall, and at its sole expense for any set-up, validation or other costs associated with transferring the manufacturing know-how of the Polymer manufacturing and validation, have the GMP Polymer be manufactured by an alternate supplier or suppliers which will be pre-approved by Skinvisible, and such approval shall not be unreasonably withheld Skinvisible will work with Licensee and will promptly transfer manufacturing process to such alternate supplier or suppliers. Any alternate supplier shall be required to agree to the same Confidentiality obligations of the Licensee as defined in this Agreement. Prior to the Licensee manufacturing its own GMP Polymer, Skinvisible agrees not to charge Licensee a markup on any non-GMP Polymer which it supplies that is used solely for clinical studies or any other non-commercial use, however limited to a reasonable quantity that Skinvisible is able to manufacture and supply.

**10 Record Keeping**

10.1 Records. Licensee and its Affiliates must keep complete and accurate records and books of account containing all information necessary for the computation and verification of the amounts to be paid hereunder. Licensee must keep these records and books for a period of three (3) years following the end of the Licensee's fiscal year to which the information pertains.

10.2 Audit Rights. Skinvisible shall have the right annually at their own expense and on a confidential basis to have an independent certified public accountant reasonably acceptable to Licensee review such records, at the Licensee's offices upon reasonable notice and during reasonable business hours, for the purposes of verifying royalties payable to Skinvisible hereunder. Such accountant shall execute a suitable confidentiality agreement reasonably acceptable to the Licensee prior to conducting such audit. Such accountant may disclose to Skinvisible only its conclusions regarding the accuracy and completeness of Royalty Payments and of records related thereto, and shall not disclose the Licensee's confidential business information to Skinvisible without the prior written consent of Licensee. All underpayments discovered pursuant to this section 4.4, plus interest at the then prevailing prime interest rate published by Citicorp, New York, New York, U.S.A., on the amount underpaid shall be promptly paid to Skinvisible; provided, however, that such underpayment is discovered within two (2) years of the payment due date. Skinvisible shall incur the expense of the audit only if it is determined that Skinvisible received ninety percent (90%) or more of the amounts owed for the period audited and in all other circumstances the Licensee shall incur the expense of the audit.

**11.0 Term and Termination of Agreement**

11.1 Term. The term of this Agreement will commence on the Effective Date and will continue until the last of the Patent Rights expires (such expiration to occur only after expiration of extensions of any nature to such patents which may be obtained under applicable statutes or regulations in the respective countries of territory, such as the Drug Price Competition and Patent Term Restoration Act of 1984 in the U.S.A. and similar patent extension laws in other countries), unless sooner terminated in accordance with the provisions set forth in this Article 11.0 (Term and Termination of Agreement) of this Agreement.

11.2 Termination for Breach. Skinvisible may terminate this Agreement effective ninety (90) days after Licensee's receipt of Skinvisible's Notice of Termination, if Licensee (a) is in default in payment of royalties or in providing reports, or (b) materially breaches this Agreement and, in each case, does not cure such breach within ninety (90) days after receiving the Notice of Termination by Skinvisible. Licensee agrees that any and all diligence requirements are material license terms, as are all royalty and payment requirements.

11.3 Termination for Bankruptcy. This Agreement and the license granted hereunder will terminate immediately in the event that: (a) Licensee seeks liquidation, reorganization, dissolution or winding-up of itself, is insolvent or evidence exists as to its insolvency, or Licensee makes any general assignment for the benefit of its creditors; (b) a petition is filed by or against Licensee, or any proceeding is initiated by or against Licensee, or any proceeding is initiated against Licensee as a debtor, under any bankruptcy or insolvency law, unless the laws then in effect void the effectiveness of this provision; (c) a receiver, trustee, or any similar officer is appointed to take possession, custody, or control of all or any part of Licensee's assets or property; or (d) Licensee adopts any resolution of its Board of Directors or stockholders for the purpose of effecting any of the foregoing.

11.4 Licensee's Right to Terminate. Licensee will have a right to terminate this Agreement with or without cause, upon ninety (90) days prior written notice to Skinvisible.

11.5 No Other Remedies Affected. The provisions under which this Agreement may be terminated will be in addition to any and all other legal remedies which either party may have for the enforcement of any and all terms hereof, and do not in any way limit any other legal remedy such party may have.

11.6 Termination Ends Grant of Rights. Termination of this Agreement will terminate all rights and licenses granted to Licensee under Paragraph 3.0 of this Agreement.

11.7 Effect of Termination on Financial Obligations. Termination by Skinvisible or Licensee under the options set forth in this Agreement will not relieve Licensee from any financial obligations to Skinvisible arising from this Agreement that accrue prior to or after termination, or from performing according to any and all other provisions of this Agreement that survive termination.

11.8 In the event that there remain no valid, enforceable, and infringed Patent Rights for any patents listed in Appendix 1 or Extended Patent Rights, then following termination Licensee and

any Sublicensees will have no further obligation to pay royalties thereon or to account to Skinvisible therefor.

11.9 Final Report. Within ninety (90) days of termination of this Agreement, Licensee shall submit a final report. Any royalty payments or patent expense reimbursements due to Skinvisible will become immediately due and payable upon termination.

11.10 Disposition of Licensed Products on Hand. Upon termination of this Agreement, Licensee may dispose of all previously made or partially made Licensed Product within a period of ninety (90) days of the Effective date of such terminations provided that the sale of such Licensed Product by Licensee or its Affiliate, shall be subject to the terms of this Agreement, including but not limited to the rendering of reports and payment of royalties required under this Agreement.

**12.0 Notices**

Any notice or other communication will be in writing and will be deemed to have been properly given and be effective (i) upon the date of delivery if delivered in person, , or courier service or sent by telecopy, facsimile transmission or other electronic means of transmitting written documents with confirmation of receipt; or to the respective addresses set forth below, or to such other address as either party will designate by written notice given to the other party, or (ii) five days after mailing, if mailed by first-class or certified mail, postage paid, or to the respective addresses below

In the case of Licensee:

Quoin Pharmaceuticals
42127 Pleasant Forest Court
Ashburn, VA 20148
ATTN: Michael Myers, Ph.D
Email: mmyers@quoinpharma.com
Cell: 703 9804182

In the case of Skinvisible:

Mr. Terry Howlett
Skinvisible Pharmaceuticals, Inc.
6320 S. Sandhill Road, Unit 10, Las Vegas, NV 89120
email terry@skinvisible.com
Telephone No.:702.433.7154

**14.0 Proprietary Rights**

Licensee will not, by performance under this Agreement, obtain any ownership interest in Patent Rights or any other proprietary rights or information of Skinvisible, its officers, inventors, employees, students, or agents.

**15.0 Patent Infringement**

**15.1** Notification of Infringement. Skinvisible and Licensee will promptly notify each other of any infringement or possible infringement of the Patent Rights, as well as any facts that may affect the validity, scope, or enforceability of the Patent Rights, of which either party becomes aware. Both parties shall use reasonable efforts and cooperation to terminate infringement without litigation.

**15.2** Rights to Sue for Infringement. Pursuant to this Agreement and the provisions of Chapter 29 of Title 35, United States Code, Licensee may a) bring suit in its own name, at its own expense, and on its own behalf for infringement of presumably valid claims in the Patent Rights and defend in its own name, at its own expense, any allegation of invalidity or non- infringement of any of the Patent Rights brought in a declaratory judgment action or raised by way of counterclaim or affirmative defense in an infringement suit brought by the Licensee; b) in any such suit, enjoin infringement and collect for its use damages, profits, and awards of whatever nature recoverable for such infringement; and c) settle any claim or suit for infringement of the Patent Rights provided, however, that Skinvisible will have the first right to take such actions and will have a continuing right to intervene in such suit. Licensee will take no action to compel Skinvisible either to initiate or to join in any such suit for patent infringement. Licensee may request Skinvisible to initiate or join any such suit if necessary to avoid dismissal of the suit. Should Skinvisible be made a party to any such suit, Licensee must reimburse Skinvisible for any costs, expenses, or fees that Skinvisible incurs as a result of such motion or other action, including any and all costs incurred by Skinvisible in opposing any such motion or other action. Upon Licensee's payment of all costs incurred by Skinvisible as a result of Licensee's joint motion or other action, these actions by Licensee will not be considered a default in the performance of any material obligation under this Agreement. In all cases, Licensee will keep Skinvisible reasonably apprised of the status and progress of any litigation. Before Licensee commences an infringement action, Licensee must notify Skinvisible and give careful consideration to the views of Skinvisible in deciding whether to bring suit.

**15.3** Skinvisible will cooperate fully with Licensee in connection with an infringement action initiated under Paragraph 15.2. Skinvisible will promptly provide access to all necessary documents and render reasonable assistance in response to a request by Licensee.

**16.0 Patent Validity**

**16.1** If any claim challenging the validity or enforceability of any Patent Rights will be brought against Licensee, Licensee will promptly notify Skinvisible. Skinvisible, at its option, will have the right, within thirty (30) days after notification by Licensee of such action, to intervene and take over the sole defense of the claim at Skinvisible’s expense.

**16.2** If a third party challenges the validity or enforceability of any of Patent Rights and Licensee ceases to receive revenue from the Licensed Products affected, any payments due Skinvisible will be deferred until such time as the Patent Rights are determined to be valid or enforceable by a final judgment of a court of competent jurisdiction from which no appeal can be or is taken or when Licensee begins receiving revenue from the affected Licensed Products.

**17.0 Use of Names**

Nothing contained in this Agreement will be construed as conferring any right to use in advertising, publicity or other promotional activities any name, trade name, trademark or other designation of a party hereto including any contraction, abbreviation or simulation of any of the foregoing, unless the express written permission of the other party has been obtained, provided that both parties may state the existence of this Agreement and the fact that both parties entered into it.

**18.0 Representations and Warranties**

**18.1** Skinvisible Representations. Skinvisible represents and warrants as of the Effective Date of this Agreement that it: (a) has an ownership interest in the Patent Rights; (b) the list of the Patent Rights contained in Appendix A is accurate and complete in all respects; (c) has the right to grant the license in and to Patent Rights set forth in this Agreement; and (d) it has not granted any licenses under the Patent Rights in the Field, except to Ovation Sciences Inc. for Cannabis products only as defined in Appendix B - Field, which would conflict with the rights granted herein.

**18.2** Disclaimers. Nothing in this Agreement will be construed as:

18.2.1 A representation or warranty by Skinvisible as to the patentability, validity, scope, or usefulness of Patent Rights;

18.2.2 A representation or warranty by Skinvisible that anything made, used, sold, or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of third-party patents or other proprietary rights, or Skinvisible patents or other proprietary rights not included in Patent Rights;

18.2.3 An obligation to bring or prosecute actions or suits against third parties for patent infringement;

18.2.4 An obligation to furnish any know-how not provided in Patent Rights; or

SKINVISIBLE EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, PERTAINING TO THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PATENT RIGHTS, THE LICENSED PRODUCTS, OR ANYTHING ELSE LICENSED, DISCLOSED, OR OTHERWISE PROVIDED TO LICENSEE UNDER THIS AGREEMENT. SKINVISIBLE'S TOTAL LIABILITY UNDER THIS AGREEMENT IS LIMITED TO THE COSTS AND FEES PAID TO SKINVISIBLE UNDER THIS AGREEMENT.

**19.0 Indemnification**

**19.1 INDEMNIFICATION BY LICENSEE. EACH PARTY WILL NOTIFY THE OTHER OF ANY CLAIM, LAWSUIT OR OTHER PROCEEDING RELATED TO THE PATENT RIGHTS. LICENSEE AGREES THAT IT WILL DEFEND, INDEMNIFY AND HOLD HARMLESS SKINVISIBLE, ITS AFFILIATES OR ASSIGNS, ITS FACULTY MEMBERS, SCIENTISTS, RESEARCHERS, EMPLOYEES, OFFICERS, TRUSTEES AND AGENTS AND EACH OF THEM (THE "INDEMNIFIED PARTIES"), FROM AND**

**AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, LAWSUITS OR OTHER PROCEEDINGS (THE "CLAIMS") FILED OR OTHERWISE INSTITUTED AGAINST ANY OF THE INDEMNIFIED PARTIES RELATED DIRECTLY OR INDIRECTLY TO OR ARISING OUT OF THE DESIGN, PROCESS, MANUFACTURE OR USE BY LICENSEE, ITS SUBLICENSEEES OR ANY OF THEIR CUSTOMERS OF THE LICENSED PRODUCTS AND ANY EMBODIMENT OF THE PATENT RIGHTS; PROVIDED, HOWEVER, THAT SUCH INDEMNITY WILL NOT APPLY TO ANY CLAIMS ARISING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY. LICENSEE WILL ALSO ASSUME RESPONSIBILITY FOR ALL COSTS AND EXPENSES RELATED TO SUCH CLAIMS FOR WHICH IT IS OBLIGATED TO INDEMNIFY THE INDEMNIFIED PARTIES PURSUANT TO THIS PARAGRAPH 19.1, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF ALL REASONABLE ATTORNEYS' FEES AND COSTS OF LITIGATION OR OTHER DEFENSE.**

**19.2 INDEMNIFICATION BY SKINVISIBLE. SKINVISIBLE AGREES THAT IT WILL DEFEND, INDEMNIFY AND HOLD HARMLESS LICENSEE, SUBLICENSEES AND THEIR EMPLOYEES, CONSULTANTS, DIRECTORS, OFFICERS, CUSTOMERS AND AGENTS AND EACH OF THEM (THE "INDEMNIFIED PARTIES"), FROM AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, LAWSUITS OR OTHER PROCEEDINGS (THE "CLAIMS") FILED OR OTHERWISE INSTITUTED BY THIRD PARTIES AGAINST ANY OF THE INDEMNIFIED PARTIES RELATED DIRECTLY OR INDIRECTLY TO OR ARISING OUT OF THE BREACH OF SKINVISIBLE OF ITS REPRESENTATIONS IN SECTION 18.1 OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT SUCH INDEMNITY WILL NOT APPLY TO ANY CLAIMS ARISING FROM THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY. SKINVISIBLE WILL ALSO ASSUME RESPONSIBILITY FOR ALL COSTS AND EXPENSES RELATED TO SUCH CLAIMS FOR WHICH IT IS OBLIGATED TO INDEMNIFY THE INDEMNIFIED PARTIES PURSUANT TO THIS PARAGRAPH 19.2, INCLUDING, BUT NOT LIMITED TO, PAYMENT OF ALL REASONABLE ATTORNEYS' FEES AND COSTS OF LITIGATION OR OTHER DEFENSE.**

**19.3 NOTICE. IT SHALL BE A CONDITION PRECEDENT TO AN INDEMNIFIED PARTY'S RIGHT TO SEEK INDEMNIFICATION UNDER PARAGRAPH 19.1 OR 19.2 THAT SUCH PARTY SHALL (A) PROMPTLY NOTIFY THE INDEMNIFYING PARTY OF A CLAIM AS SOON AS IT BECOMES AWARE OF SUCH CLAIM, (B) ALLOW THE INDEMNIFYING PARTY TO ASSUME CONTROL OF THE DEFENSE OF SUCH CLAIM, AND (C) COOPERATE WITH THE INDEMNIFYING PARTY IN SUCH DEFENSE.**

**19.4** Special Damages. Neither party shall be liable for any indirect, special, consequential, or other similar damages whatsoever whether grounded in tort, strict liability, contract or otherwise. The Skinvisible shall not have any responsibility or liability whatsoever with respect to Licensed Products.

**20.0 Applicable Laws**

**20.1** Compliance with Laws. Licensee will abide by all applicable federal, state, and local laws and regulations pertaining to the management and commercial deployment of Licensed Products under this Agreement.

**20.2** Export Control Laws. It is understood that Skinvisible is subject to United States laws and regulations controlling the export of technical data, computer software, laboratory prototypes, and other commodities (including the Arms Export Control Act, as amended, and the Export Administration Act of 1979), and that its obligations hereunder are contingent on compliance with applicable United States export laws and regulations. The transfer of certain technical data and commodities may require a license from the United States Government and/or written assurances by Licensee that Licensee will not export data or commodities to certain foreign countries without prior approval of the United States Government. Skinvisible represents neither that a license will not be required nor that, if required, such a license will be issued.

**20.3** Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Nevada, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws. In any action or proceeding between any of the parties arising out of or relating to this Agreement or any of the Contemplated Transactions, each of the parties: (i) irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the State of Nevada or to the extent such court does not have subject matter jurisdiction, the Superior Court of the State of Nevada or the United States District Court for the District of Nevada, (ii) agrees that all claims in respect of such action or proceeding shall be heard and determined exclusively in accordance with clause (i) of this Section 20.3, (iii) waives any objection to laying venue in any such action or proceeding in such courts, (iv) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over any party, and (v) agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with this Agreement.

**21.0 Dispute Resolution**

**21.1** The parties will negotiate in good faith any controversy or disputed claim by either party arising under or related to this Agreement. If no resolution of such controversy or disputed claim is reached between the parties within ninety days of the commencement of negotiations, then either party may proceed to resort to the courts of the State of Nevada for resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of Nevada and to the jurisdiction of the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Nevada or the United States District Court for the State of Nevada, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court. The parties agree that the remedy at law for any breach or threatened breach by a party may, by its nature, be inadequate, and that in addition to damages, the other parties will be entitled to a restraining order, temporary and permanent injunctive relief, specific performance, and other appropriate equitable relief, without showing or

proving that any monetary damage has been sustained.

**21.2** WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SUBSECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

**23.0** Prevailing Party. In any action at Law or suit in equity to enforce this Agreement or the rights of any of the parties under this Agreement, the prevailing Party in such action or suit shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

**24.0 General**

24.1 Severability. If any provision of this Agreement will be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be in any way affected or impaired thereby.

24.2 No Waiver. No omission or delay of either party hereto in requiring due and punctual fulfillment of the obligations of any other party hereto will be deemed to constitute a waiver by such party of its rights to require such due and punctual fulfillment, or of any other of its remedies hereunder.

24.3 Amendments. No amendment or modification hereof will be valid or binding upon the parties unless it is made in writing, cites this Agreement, and is signed by duly authorized representatives of Skinvisible and Licensee.

24.4 Assignment. This Agreement, and any rights or obligations hereunder, may be assigned by Skinvisible but will not be assigned, transferred, or delegated in whole or in part by Licensee, except in connection with a merger of Licensee or a sale of all or substantially all of Licensee's assets, without Skinvisible's express written approval, such approval not to be unreasonably withheld. Any attempted assignment, transfer or delegation in breach of this provision will be deemed to be void and to have no effect, and will entitle Skinvisible to terminate this Agreement upon written notice to Licensee. Except as otherwise provided, this Agreement will be binding upon and inure to the benefit of the parties' successors and lawful assigns.

24.5 Headings. The headings of the several sections of this Agreement are inserted for

convenience and reference only, and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

24.6 Skinvisible's Disclaimers. Neither Skinvisible, its Affiliates or Assigns, nor any of its faculty members, scientists, researchers, employees, officers, trustees or agents assume any responsibility for the manufacture, product specifications, sale, or use of the Licensed Products that are manufactured by or sold by Licensee. Skinvisible makes no guaranty that the Licensed Products can be developed or will be clinically effective for the intended outcome or receive regulatory approval in any jurisdictions of the Territory.

24.7 No Endorsement. By entering into this Agreement, Skinvisible neither directly nor indirectly endorses any product or service provided, or to be provided, by Licensee whether directly or indirectly related to this Agreement. Licensee will not state or imply that this Agreement is an endorsement by Skinvisible or its employees.

24.8 Independent Contractors. The parties hereby acknowledge and agree that each is an independent contractor and that neither party will be considered to be the agent, representative, master or servant of the other party for any purpose whatsoever, and that neither party has any authority to enter into a contract, to assume any obligation, or to give warranties or representations on behalf of the other party. Nothing in this relationship will be construed to create a relationship of joint venture, partnership, fiduciary or other similar relationship between the parties.

24.9 Reformation. The parties hereby agree that neither party intends to violate any public policy, statutory or common law, rule, regulation, treaty or decision of any government agency or executive body thereof of any country or community or association of countries, and that if any word, sentence, paragraph or clause or combination thereof of this Agreement is found, by a court or executive body with judicial powers having jurisdiction over this Agreement or any of the parties hereto, in a final, unappealable order, to be in violation of any such provision in any country or community or association of countries, such words, sentences, paragraphs or clauses or combination will be inoperative in such country or community or association of countries, and the remainder of this Agreement will remain binding upon the parties hereto.

24.10 Force Majeure. No liability hereunder will result to a party by reason of delay in performance caused by force majeure, that is, circumstances beyond the reasonable control of the Party, including, without limitation, acts of God, fire, flood, earthquake, war, terrorism, civil unrest, labor unrest, or shortage of or inability to obtain material or equipment.

24.11 Survival. Paragraphs 5.2 (Confidential Information) and 11.7, 11.8 and 11.10 (Term and Termination); and Articles 10.0 (Record Keeping), 18.0 (Representations and Warranties), 19.0 (Indemnification), 20.0 (Applicable Law), 21.0 (Dispute Resolution) and 22.0 (Attorneys Fees), and other provisions that by their context would survive, will survive the termination of this Agreement.

24.12 Entire Agreement. This Agreement embodies the entire understanding of the parties and supersedes all previous communications, representations, or understandings, either oral or written, between the parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first written above.

| **QUOIN PHARMACEUTICALS, INC.** | **SKINVISIBLE PHARMACEUTICALS, INC.** |
|---|---|
| By: /s/ Michael Myers | By: /s/ Terry Howlett |
| Name: Michael Myers | Name: Terry Howlett |
| Title: Chairman / CEO | Title: President & CEO |
| Date: | Date: |

## APPENDIX A

## Patent Rights as of the Effective Date

| Application Date | Reg. No. | Registration Date | Title | Expiry Date |
|---|---|---|---|---|
| 1/4/2000 | 6582683 | 6/24/2003 | DERMAL BARRIER COMPOSITION | 1/4/2020 |
| 8/20/2001 | 6756059 | 6/29/2004 | TOPICAL COMPOSITION, TOPICAL COMPOSITION PRECURSOR, AND METHODS FOR MANUFACTURING AND USING | 8/20/2021 |
| 8/15/2005 | 7674471 | 3/9/2010 | TOPICAL COMPOSITION, TOPICAL COMPOSITION PRECURSOR, AND METHODS FOR MANUFACTURING AND USING | 2/27/2024 |
| 5/23/2002 | 8481058 | 7/9/2013 | TOPICAL COMPOSITION, TOPICAL COMPOSITION PRECURSOR, AND METHODS FOR MANUFACTURING AND USING | 1/4/2020 |
| 3/14/2005 | 8318818 | 11/27/2012 | TOPICAL COMPOSITION, TOPICAL COMPOSITION PRECURSOR, AND METHODS FOR MANUFACTURING AND USING | 7/10/2025 |
| 10/19/2007 | 9149490 | 10/6/2015 | ACNE TREATMENT COMPOSITION AND METHODS FOR USING | 2/17/2029 |
| 4/14/2009 | 8299122 | 10/30/2012 | METHOD FOR STABILIZING RETINOIC ACID, RETINOIC ACID CONTAINING COMPOSITION, AND METHOD OF USING A RETINOIC ACID CONTAINING COMPOSITION | 4/14/2029 |
| 2/5/2010 | 8735422 | 5/27/2014 | CATIONIC PHARMACEUTICALLY ACTIVE INGREDIENT CONTAINING COMPOSITION, AND METHODS FOR MANUFACTURING AND USING | 4/10/2030 |

**APPENDIX B**

Field

- Orphan Rare Skin Diseases including those listed below utilizing any compound with the exception of Cannabis as defined below in Exclusions

    - Netherton Syndrome
    - Epidermolysis Bullosa (Simplex, Dystrophic, Recessive Dystrophic, Junctional)
    - Autosomal Recessive Congenital Ichthyosis
    - Zunich-Kaye Syndrome
    - Sjogren-Larsson Syndrome
    - Lamellar Ichthyosis
    - Kindler Syndrome
    - Ichthyosiform Erythroderma

- Transdermal and topical ketamine products ("Ketamine Product") for all indications whether currently identified or unidentified by Licensee except for Cannabis as defined below in Exclusions. For the avoidance of doubt, Skinvisible shall retain and may develop and commercialize or out-license rights to develop and commercialize competing products that contain an active ingredient other than ketamine, in all its forms, in the same indication as Licensee's Ketamine Products.

Exclusions: Field excludes the right to any Licensed Product that contains any form of cannabis, whether from marijuana or hemp, whether natural, synthetic or otherwise derived, or hemp seed oil ("Cannabis").

# EXCLUSIVE LICENSE AGREEMENT RENEWAL

**THIS RENEWAL OF THE EXCLUSIVE LICENSE AGREMEMENT** (this "Renewal") is made and entered into as of May 8, 2020, by and among Skinvisible, Inc., a Nevada corporation (referred to as "SKINVISIBLE" ), and Quoin Pharmaceuticals, Inc., a Delaware corporation ("Licensee").

## RECITALS

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT dated October 17, 2019;

WHEREAS, the Parties hereby agree to renew and extend the EXCLUSIVE LICENSE AGREEMENT as follows:

1. Section 7.0 License Fee. As partial consideration for the rights conveyed by Skinvisible under this Agreement, Licensee agrees to pay to Skinvisible a one-time, non-refundable, non-creditable license issue fee of one million USD dollars (USD $1,000,000) ("License Fee"). In the event that the Licensee's initial funding event is equal to or greater than ten million USD (USD $10,000,000), the full License Fee shall be payable immediately upon the successful closing of the initial funding event. In the event that any funding event is less than USD$ 10,000,000, Licensee will pay Skinvisible a non-refundable 10% of the net amount raised in any funding event until the full License Fee is paid, due no later than July 31, 2020. This Agreement will automatically terminate if the License Fee is not paid by July 31, 2020. Licensee agrees to hold bi-monthly update calls with Skinvisible on the status of funding until such time the full License Fee is paid.

2. All other terms and conditions of the Exclusive License Agreement shall remain unchanged.

**IN WITNESS WHEREOF,** the parties have caused this Amendment to be executed as of the date first above written.

**SKINVISIBLE, INC**.

By: /s/ Terry Howlett
Name: Terry Howlett
Title: President & Chief Executive Officer

**QUOIN PHARMACEUTICALS, INC.**

By: /s/ Michael Myers
Name: Michael Myers, Ph.D.
Title: President & Chief Executive Officer

# FIRST AMENDMENT TO THE

# EXCLUSIVE LICENSE AGREEMENT

**by and among**

**SKINVISIBLE, INC.,**

**QUOIN PHARMACEUTICALS, INC.,**

**Dated as of October 17, 2019**

**FIRST AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT**

**THIS AMENDMENT TO THE EXCLUSIVE LICENSE AGREMEMENT** (this "Amendment") is made and entered into as of July 31, 2020, by and among Skinvisible, Inc., a Nevada corporation (referred to as "SKINVISIBLE" ), and Quoin Pharmaceuticals, Inc., a Delaware corporation ("Licensee").

**RECITALS**

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT dated October 17, 2019;

WHEREAS, the Parties hereby amend the EXCLUSIVE LICENSE AGREEMENT as follows:

1. Section 7.0 License Fee. As partial consideration for the rights conveyed by Skinvisible under this Agreement, Licensee agrees to pay to Skinvisible a one-time, non-refundable, non-creditable license issue fee of one million USD dollars (USD $1,000,000) ("License Fee"). In the event that the Licensee's initial funding event is equal to or greater than ten million USD (USD $10,000,000), the full License Fee shall be payable immediately upon the successful closing of the initial funding event. In the event that any funding event is less than USD$ 10,000,000, Licensee will pay Skinvisible a non-refundable 10% of the net amount raised in any funding event until the full License Fee is paid, due no later than September 30, 2020. This Agreement will automatically terminate if the License Fee is not paid by September 30, 2020. Licensee agrees to hold bi-monthly update calls with Skinvisible on the status of funding until such time the full License Fee is paid.

2. All other terms and conditions of the Exclusive License Agreement shall remain unchanged.

**IN WITNESS WHEREOF**, the parties have caused this Amendment to be executed as of the date first above written.

**SKINVISIBLE, INC**.

By: /s/ Terry Howlett
Name: Terry Howlett
Title: President & Chief Executive Officer

**QUOIN PHARMACEUTICALS, INC.**

By: /s/ Michael Myers
Name: Michael Myers, Ph.D.
Title: President & Chief Executive Officer

# SECOND AMENDMENT TO THE

# EXCLUSIVE LICENSE AGREEMENT RENEWAL

**by and among**

**SKINVISIBLE, INC.,**

**QUOIN PHARMACEUTICALS, INC.,**

**Dated as of May 8, 2020**

**SECOND AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL**

**THIS AMENDMENT TO THE EXCLUSIVE LICENSE AGREMEMENT RENEWAL** (this "Amendment") is made and entered into as of September 30, 2020, by and among Skinvisible, Inc., a Nevada corporation (referred to as "SKINVISIBLE" ), and Quoin Pharmaceuticals, Inc., a Delaware corporation ("Licensee").

**RECITALS**

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT dated October 17, 2019;

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT RENEWAL dated May 8, 2020;

WHEREAS, the Parties have entered into the FIRST AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated July 31, 2020;

WHEREAS, the Parties hereby amend the EXCLUSIVE LICENSE AGREEMENT RENEWAL as follows:

1. Section 7.0 License Fee. As partial consideration for the rights conveyed by Skinvisible under this Agreement, Licensee agrees to pay to Skinvisible a one-time, non-refundable, non-creditable license issue fee of one million USD dollars (USD $1,000,000) ("License Fee") payable as follows:

   1.1 The Licensee is currently raising Initial Bridge Financing targeted to be a total of $3,000,000. Upon receipt of the Initial Bridge Financing, Licensee shall pay Skinvisible 10% of the total amount of Initial Bridge Financing.

   1.2 The Licensee has agreed terms with Altium Capital for a Second Bridge Financing totaling $3.750,000 across three tranches. The Second Bridge Financing will be paid to the Licensee upon the signing of a definitive merger agreement with a publicly listed company. Upon receipt of each tranche of the Second Bridge Financing, Licensee shall pay Skinvisible 10% of each tranche of the Second Bridge Financing.

   1.3 The Licensee has a greed terms with Altium Capital for an Investment in the company totaling $21,500,000-30,000,000. This Investment will be paid to the Licensee upon the successful closing of a reverse merger with a publicly listed company. Upon receipt of the Investment, Licensee shall pay Skinvisible the remaining outstanding balance of the License Fee.

2. All other terms and conditions of the Exclusive License Agreement shall remain unchanged.

**IN WITNESS WHEREOF**, the parties have caused this Amendment to be executed as of the date first above written.

**SKINVISIBLE, INC.**

By: /s/ Terry Howlet
Name: Terry Howlett
Title: President & Chief Executive Officer

**QUOIN PHARMACEUTICALS, INC.**

By: /s/ Michael Myers
Name: Michael Myers, Ph.D.
Title: President & Chief Executive Officer

**Exhibit 4.34**

# THIRD AMENDMENT TO THE

# EXCLUSIVE LICENSE AGREEMENT RENEWAL

**by and among**

**SKINVISIBLE, INC.,**

**QUOIN PHARMACEUTICALS, INC.,**

**Dated as of January 27, 2021**

**THIRD AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL**

**THIS AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL (**this "Amendment") is made and entered into as of January 27, 2021, by and among Skinvisible, Inc., a Nevada corporation (referred to as "SKINVISIBLE" ), and Quoin Pharmaceuticals, Inc., a Delaware corporation ("Licensee").

**RECITALS**

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT dated October 17, 2019;

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT RENEWAL dated May 8, 2020;

WHEREAS, the Parties have entered into the FIRST AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated July 31, 2020;

WHEREAS, the Parties have entered into the SECOND AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated September 30, 2020;

WHEREAS, the Parties hereby amend the EXCLUSIVE LICENSE AGREEMENT RENEWAL as follows:

1. Section 7.3.1 Clinical Milestones and Milestone Payments:

(i) Successful completion of Phase 2 testing: $250,000
(ii) Successful completion of Phase 3 testing: $500,000
(iii) Regulatory approval in US: $14,500,000
(iv) Regulatory approval in EU: $7,250,000

2. All other terms and conditions of the Exclusive License Agreement Renewal and Amendments shall remain unchanged.

**IN WITNESS WHEREOF**, the parties have caused this Amendment to be executed as of the date first above written.

**SKINVISIBLE, INC.**

By: /s/ Terry Howlett
Name: Terry Howlett
Title: President & Chief Executive Officer

**QUOIN PHARMACEUTICALS, INC.**

By: /s/ Michael Myers
Name: Michael Myers, Ph.D.
Title: President & Chief Executive Officer

`

**Exhibit 4.35**

# FOURTH AMENDMENT TO THE

# EXCLUSIVE LICENSE AGREEMENT and RENEWAL

**by and among**

**SKINVISIBLE PHARMACEUTICALS, INC.,**

**QUOIN PHARMACEUTICALS, INC.,**

**Dated as of April 19, 2021**

**FOURTH AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL**

**THIS AMENDMENT TO THE EXCLUSIVE LICENSE AGREMEMENT RENEWAL (**this "Amendment") is made and entered into as of April 19, 2021, by and among Skinvisible Pharmaceuticals, Inc., a Nevada corporation (referred to as "SKINVISIBLE" ), and Quoin Pharmaceuticals, Inc., a Delaware corporation ("Licensee").

**RECITALS**

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT dated October 17, 2019;

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT RENEWAL dated May 8, 2020;

WHEREAS, the Parties have entered into the FIRST AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated July 31, 2020;

WHEREAS, the Parties have entered into the SECOND AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated September 30, 2020;

WHEREAS, the Parties have entered into the THIRD AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL date January 27, 2021;

WHEREAS, the Parties hereby amend the EXCLUSIVE LICENSE AGREEMENT RENEWAL as follows:

1. Section 7.5 Minimum Timeline of First Licensed Product: Licensee agrees to commence clinical testing on at least one Licensed Product in the Field by December 31, 2022 ("Development Deadline") where clinical testing is defined as a study in which one or more human subjects are prospectively assigned to one or more interventions including a Licensed Product to evaluate the effects of those interventions on health-related biomedical or behavioral outcomes In the event that Licensee has not commenced such testing by the Development Deadline, this Agreement will terminate immediately unless initiation of such testing has been materially delayed due to the inability of Skinvisible to provide GMP grade polymer or as a result of a delay by the FDA or another regulatory authority by putting the product on a clinical hold which would then put the Development Deadline on hold. Licensee will promptly inform Skinvisible if it receives a clinical hold from the FDA or another regulatory authority and Licensee will respond to the request in a timely fashion. . In the event Licensee concludes that successful resolution of the clinical hold is not feasible then Licensee will promptly inform Skinvisible that it is ceasing further development of that Licensed Product and Skinvisible will have the right to use or license its technology for that particular indication including the same active ingredient. Skinvisible, however, will not use any of the use of Licensees confidential information. When the clinical hold has been fully lifted, the clock on the 12 month commitment will resume for an additional 12 month period.

2. All other terms and conditions of the Exclusive License Agreement, Renewal and Amendments shall remain unchanged.

**IN WITNESS WHEREOF**, the parties have caused this Amendment to be executed as of the date first above written.

**SKINVISIBLE PHARMACEUTICALS, INC.**

By: /s/ Terry Howlett
Name: Terry Howlett
Title: President & Chief Executive Officer

**QUOIN PHARMACEUTICALS, INC.**

By: /s/ Michael Myers
Name: Michael Myers, Ph.D.
Title: President & Chief Executive Officer

**Exhibit 4.36**

# FIFTH AMENDMENT TO THE

# EXCLUSIVE LICENSE AGREEMENT and RENEWAL

**by and among**

**SKINVISIBLE, INC.,**

**QUOIN PHARMACEUTICALS, INC.,**

**Dated as of June 14, 2021**

**FIFTH AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL**

**THIS AMENDMENT TO THE EXCLUSIVE LICENSE AGREMEMENT RENEWAL (**this "Amendment") is made and entered into as of June 14, 2021, by and among Skinvisible, Inc., a Nevada corporation (referred to as "SKINVISIBLE" ), and Quoin Pharmaceuticals, Inc., a Delaware corporation ("Licensee").

**RECITALS**

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT dated October 17, 2019;

WHEREAS, the Parties have entered into the EXCLUSIVE LICENSE AGREEMENT RENEWAL dated May 8, 2020;

WHEREAS, the Parties have entered into the FIRST AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated July 31, 2020;

WHEREAS, the Parties have entered into the SECOND AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated September 30, 2020;

WHEREAS, the Parties have entered into the THIRD AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated January 27, 2021;

WHEREAS, the Parties have entered into the FOURTH AMENDMENT TO THE EXCLUSIVE LICENSE AGREEMENT RENEWAL dated April 19, 2021;

WHEREAS, the Parties hereby amend the EXCLUSIVE LICENSE AGREEMENT RENEWAL as follows:

7.1 License Fee. As partial consideration for the rights conveyed by Skinvisible under this Agreement, Licensee agrees to pay to Skinvisible a one-time, non-refundable, non-creditable license issue fee of one million USD dollars (USD $1,000,000) ("License Fee"). To date, Licensee has paid three hundred ninety-two thousand five hundred US dollars (USD $392,500) of this fee as part of the First Half of the License Fee. The balance of the First Half Payment is one hundred seven thousand five hundred US dollars (USD $107,500) which shall be paid within 5 business days of the Effective Date of this Amendment. A further payment of two hundred fifty thousand dollars ($250,000) is due no later than 10 business days after receipt by Licensee of additional funding by Altium Capital. The remaining balance of two hundred fifty thousand dollars ($250,000) will be paid on the earlier of either after FDA approves IND application by Licensee containing Skinvisible Technology or December 31st , 2021.

7.3.2 Clinical Milestones and Milestone Payments:

(i) Successful completion of Phase 2 testing: $0
(ii) Successful completion of Phase 3 testing: $0
(iii) Regulatory approval in either the US or EU, whichever happens first: $5,000,000

1. All other terms and conditions of the Exclusive License Agreement, Renewal and Amendments shall remain unchanged.

**IN WITNESS WHEREOF**, the parties have caused this Amendment to be executed as of the date first above written.

**SKINVISIBLE PHARMACEUTICALS, INC.**

By: /s/ Terry Howlett
Name: Terry Howlett
Title: President & Chief Executive Officer

**QUOIN PHARMACEUTICALS, INC.**

By: /s/ Michael Myers
Name: Michael Myers, Ph.D.
Title: President & Chief Executive Officer

**THE SYMBOL "[****]" DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL, AND (ii) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL**

FERNDALE CONTRACT MANUFACTURING

**QUOTATION # 004-21-02**

# Tech Transfer and Clinical Manufacture for QRX003 Topical Lotion

Confidential Quotation for Quoin Pharmaceuticals, Inc.

Prepared for Denise Carter

Date: April 08, 2021

Ferndale Contract Manufacturing
780 West Eight Mile Road
Ferndale, Michigan 48220

**Overview**

In response to a quote request from Quoin Pharmaceuticals, Inc. (“QUOIN”); Ferndale Contract Manufacturing (“FCM”) is offering a proposal to complete the transfer of QRX003 Topical Lotion (the “Product”) for the purpose of producing early phase clinical supplies.
Version 01: Updated with new dates
Version 02: Switched the quote from Therapeutics to Quoin Pharmaceuticals

**Contacts**


**For Quoin Pharmaceuticals**
Denise Carter
Chief Operating Officer
Email: dcarter@quoinpharma.com

**For FCM**
**Primary Development Contact**
Project Management
Dean Gibson
Phone (office): (248) 586 8429
Phone (cell): (248) 840 7679
Email: dgibson@ferndalelabs.com

**Support Contacts**
Quality Control
Daniel Hill
Phone (office): (248) 586 8566
Email: dhill@ferndalelabs.com

Quality Assurance
Suzanne Cooper
Phone (office): (248) 586 8548
Phone (cell): (248) 417 4256
Email: scooper@ferndalelabs.com


**Staffing**

Analytical development and testing to be conducted by our Analytical Method Development team headed up by Daniel Hill, VP, Quality Control. Product manufacture and packaging to be performed by the Process Development and Manufacturing groups, with oversight by Project Management. All activities will be reviewed and released by our Quality Assurance group headed by Ms. Suzanne Cooper, VP of Quality Assurance.

**Summary of Activities**

**Pre-Development Activities**

The formulation has been previously developed by Quoin and will be provided to FCM along with the manufacturing procedures. FCM will review the information and prepare for the initial development batch production.

1. Quoin/QUOIN to supply the active pharmaceutical ingredient (the “API”) and supporting documentation. Non-GMP samples can be used for early development purposes.

2. FCM will source and purchase all the necessary excipients and components for the development program. Non-GMP samples can be used for early development purposes. Several excipients may need to be adjusted to comply with future pharmaceutical requirements.

3. FCM/QUOIN will finalize raw material, bulk product and finished product specifications for the program.

4. QUOIN to provide sample of the previously produced Product for analytical purposes (if available).

5. FCM will develop the viscosity method utilizing the Brookfield Rheometer DV-III instrumentation.

Duration: 2 months

**Analytical Methods (Drug Substance)**

FCM will complete an initial assay method verification for the API. FCM will perform ID (FTIR) testing on any new excipients used for the program. Additional activities will be listed as optional items.

1. FCM will complete phase appropriate verification for the API assay/impurity method following the provided methodology from the manufacturer. FCM will provide a report upon completion.

2. Optional: FCM will complete a full validation of the API assay/impurity method inclusive of forced degradation activities. Additional duration will be required to complete this task and will be listed in brackets below.

3. FCM will create development raw material specifications for the API and new excipients. The specifications will include full inspection, sampling and testing for identification. Assay/impurity testing will be included as part of the API specification.

4. QUOIN will review and approve all specifications.

5. Raw materials will be ordered and tested against the approved specifications.

Duration: 2 months (3.5 months if method validation is required)

**Analytical Methods (Drug Product)**

FCM will complete method verification for the assay and microbial methods only. The assay method will be initially provided by QUOIN.

1. QUOIN will provide the initially developed assay method for the Drug Substance. FCM will evaluate and develop a phase appropriate Drug Product assay method for active and preservative. FCM will complete a method verification on the Product assay and provide a report.

2. Optional: FCM will complete a full validation of the assay/impurity method. Note: This activity should only be completed on the final developed formulation and concentration. There is the possibility the Drug Product may require two separate methods for assay and impurity. Additional duration and costs will apply.

3. FCM will develop and verify a droplet (globule size) microscopic method. FCM will provide a final report.

4. FCM will complete the verification of the microbial analysis methods and AET by USP <51>.

5. FCM will develop and validate a cleaning detection method for the Drug Product. This is required before proceeding to scale-up production.

Duration: 3 months (4.5 months if method validation)

**Development Batch Manufacture**

FCM will initially produce lab-scale development batches (approximately 2-3 batches). The lab scale batches will serve to familiarize FCM with the process, fine tune the formulation, and be used for initial evaluation (compatibility) of at least two bottle types. The following activities will be performed in order to complete the development batch manufacturing:

1. A series of lab scale vehicle batches will be produced (approximately 1-2kg). Samples from the lab scale batches will be taken from the mixing vessel and tested for assay, viscosity, and microscopy. This will confirm the suitability and comparability of the mixing instructions.

2. The batches will also evaluate the adjustments needed with the final excipients chosen. Several of the current ingredients are not considered pharmaceutical grade. Alternates will need to be evaluated.

3. FCM will fill one batch into at least two bottle options (polypropylene and high density polyethylene) and place on an informal stability program.

4. Complete UV scan for each of the formulations. Provide report.

5. Samples will be stored under room temperature (25 ± 2°C/60 ± 5% RH), intermediate (30 ± 2°C/65 ± 5% RH) and accelerated (40 ± 2°C/75 ± 5% RH) conditions for at least 3 months. Samples will be evaluated on a monthly basis (appearance, assay (CU), pH, viscosity, SG, droplet size, and micro.

6. FCM will complete AET (USP <51>) on a development batch to confirm acceptability of the preservative system.

7. FCM will develop the proposed mixing procedure for the early phase clinical batches (@ 100kg). QUOIN will review and approve final batch records.

Duration: 2 months (batch production)

**Scale-up Batch Manufacture**

FCM will initially produce a vehicle development scale-up batch @ 100kg in the Ross PVM-40 mixer system. The scale-up batch will serve to familiarize FCM with the process and be used for initial evaluation of bottle filling. The following activities will be performed in order to complete the development scale-up batch manufacturing:

1. An initial scale-up vehicle batch will be produced (Size: 100kg). Samples from the scale-up batch will be taken from the mixing vessel and tested for assay (preservative), viscosity, and microscopy. This will confirm the suitability of the mixing instructions.

2. FCM will complete an engineering test run on the bottle option chosen.

3. FCM will finalize the bulk production batch record for the clinical program based on the finding above.

**Early phase Clinical Batch Production**

FCM will manufacture a total of five GMP batches (one vehicle and two batches each of two active concentrations). The batches will be filled into bottles. The batches will be used for completing an early clinical phase programs and supportive stability.

1. The required components and bottles needed for the early phase clinical batches will ordered.

2. Batch documentation will be prepared by FCM and approved by QUOIN.

3. All raw materials will be fully inspected and tested against the approved specifications before use in the batch production.

4. A total of five batches will be produced; each at 100kg. (2 batches each of two active concentrations and one batch of vehicle). Bulk samples will be taken from the batches for analytical testing per the approved specifications.

5. The batches will each be filled into the chosen bottles. FCM will complete finished product analysis per approved specifications. FCM will complete the necessary labeling for the Products.

6. The batches will be reviewed and released by Quality Assurance and QUOIN.

7. FCM will ship the supplies to QUOIN's clinical site locations.

8. Samples will be stored under room temperature conditions (25 ± 2°C/60 ± 5% RH) and tested at 1, 3, 6, 9, 12, 18, and 24 months).

9. Samples will be stored under intermediate conditions (30 ± 2°C/65 ± 5% RH) and tested at 1, 3, 6, 9, and 12 months). Intermediate testing will be initiated in the event of a failure under accelerated conditions.

10. Samples will be stored under accelerated conditions (40 ± 2°C/75 ± 5% RH) and tested at 1, 3, and 6 months).

11. At each point, the product will be analyzed per the stability specifications and an analytical report will be provided.

Duration -1 month (batch production and release)

**Pricing and Timing**

| Activity | Completion | Costs |
|---|---|---|
| Pre-development Activities | | |
| 1. Project Management activities | May/21 | $[****] |
| 2. Order necessary excipients samples for early development work | May/21 | $[****][1] |
| Pre-Development Total | | $[****] |
| Analytical Development | | |
| 1. Verification of the viscosity and microbial methods | | $[****] |
| 2. Development and validation of cleaning method | | $[****] |
| 3. Verification of the Drug Substance assay/impurity method and report | Sept/21 | $[****] |
| 4. Development and verification of the Drug Product Assay method (active/impurity and preservatives). | | $[****] |
| 5. Development and verification of a droplet size microscopic method | | $[****] |
| Analytical Development Total | | $[****] |
| Analytical Development Optional | | |
| 1. Validation of the Substance method and report | | $[****] |
| 2. Final development and validation of the Drug Product Assay (active and preservative) and impurity methods | Nov/21 | $[****] |
| Analytical Development Total | | $[****] |
| Development Batch Manufacture | | |
| 1. Manufacture 2-3 lab scale development batches plus testing | May/June/21 | $[****] |
| 2. Additional formulation adjustments as required. | | $[****] |
| 3. Informal stability program for bottle options | | $[****] |
| Development Batches Total | | $[****] |
| Scale-up Batch Manufacture | | |
| 1. Manufacture scale-up development batch plus testing | Sept/21 | $[****] |
| 2. Filling Engineering trial and testing | | $[****] |
| Scale-up Batches Total | | $[****] |
| Clinical Batch Manufacture | | |
| 1. Purchase, testing and release of necessary excipients and components | Aug/21 | $[****][1] |
| 2. Manufacture four active and one vehicle GMP batches. Filling into bottle option and analytical testing. | Oct/21 | $[****] |
| 3. Stability program | | $[****] |
| a. Room Temperature Program (5 lots) | | $[****] |
| b. Intermediate Program (5 lots) | | $[****] |
| c. Accelerated Program (5 lots) | | $[****] |
| Non-Clinical Batches and Stability Total | | $[****] |
| Project Total | | $[****] |
| Project Total inclusive of Optional activities | | $[****] |

[1]Costs for the parts, excipients and components will be adjusted based on actual costs incurred. [] represents the optional activity costs if activated.

**Additional Services**

During the execution of the project, QUOIN and FCM may agree to changes or additions to the scope described in this quotation. These changes/additions will be summarized in a project amendment and billed at an hourly rate to be agreed upon between by both parties.

**Payment Schedule/Terms**

| | | |
|---|---|---|
| 1 | Upon approval of quotation | $[****] |
| 2 | Completion of analytical method activities | $[****] |
| 3 | Completion of development batch manufacture | $[****] |
| 4 | Completion of clinical batch production | $[****] |
| 5 | Completion of each pull stability pull point | $[****] |

All invoices are due within 30 days of receipt.

Quote is valid for 30 days from date of issuance.

**Approval**

Quoin Pharmaceuticals, Inc. agrees and accepts the terms of this quotation.

**QUOIN PHARMACEUTICALS, INC.**

Signature /s/ Denise Carter

Date April 9, 2021

Printed Name Denise Carter

Title Chief Operating Officer

**THE SYMBOL "[****]" DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL, AND (ii) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL**

# DEVELOPMENT AND SUPPLY AGREEMENT

This Development and Supply Agreement (this "**Agreement**") is entered into as of January 13, 2021 by and between **TOPCHEM PHARMACEUTICALS LIMITED**, a limited company registered in the Republic of Ireland ("**Manufacturer**"), **QUOIN PHARMACEUTICALS LIMITED,** a limited company registered in Delaware, USA ("**Consumer**").

WHEREAS, the Parties (as hereinafter defined) wish to enter into an agreement pursuant to which Manufacturer will develop the API and sell the API to Consumer;

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements set forth in this Agreement, and other good and valuable consideration the sufficiency of which is acknowledged, the Parties agree as follows:

## 1. DEFINITIONS

For purposes of this Agreement, the following words and phrases shall bear the respective meanings assigned to them below (and cognate expressions shall bear corresponding meanings):

1.1 "**Affiliate**" means, with respect to any Party, any Person that is Controlled by, Controls, or is under common Control with, that Party.

1.2 "**Agreement**" means this Agreement, as duly amended from time to time.

1.3 "**API**" means [****], which meets the Specifications.

1.4 "**Business Day**" means a day (not being a Saturday or Sunday) on which banks are open for business in the Republic of Ireland.

1.5 "**cGMP**" means current good manufacturing practices in accordance with the rules, regulations and guidances promulgated by the FDA.

1.6 "**Control**" means, with respect to a Party, the direct or indirect beneficial ownership of more than fifty percent (50%) of the voting interest in, or more than fifty percent (50%) in the equity of, or the right to appoint more than fifty percent (50%) of the directors or management of such Party.

1.7 "**Effective Date**" means the date on which this Agreement is signed by the later of the Parties to sign this Agreement.

1.8 "**FDA**" means the United States Food and Drug Administration and all agencies under its direct control or any successor organization.

1.9 "**Finished Product**" means the finished dosage product or products Manufactured by Consumer or its licensee with the API supplied by Manufacturer.

1.10 "**Force Majeure**" has the meaning given such term in Section 12.

1.11 "**GAAP**" means generally accepted accounting principles in the United States.

1.12 "**Intellectual Property**" means any trade secret, know-how and data whether technical or non-technical as well as any development of invention whether or not patentable, concerning the Finished Product or API, its Manufacture, marketing and sale.

1.13 "**Loss**" means any liability, loss, cost, damage or expense, including, without limitation, reasonable attorneys' fees and expenses.

1.14 "**Manufacture**" means, along with other forms of the word, the manufacturing, handling, packaging, labeling, storage and/or disposal of any API or Finished Products, as the case may be, and of the raw materials and components used in connection with the preparation thereof.

1.15 "**Order**" shall mean a purchase order issued by Consumer to Manufacturer for delivery of agreed services or for a certain quantity of API specifying the exact quantity of API required, the desired delivery date(s) and shipping instructions, if any.

1.16 "**Party**" means Manufacturer or Consumer and "**Parties**" means both of them.

1.17 "**Person**" means any individual, partnership, association, corporation, trust or legal person or entity.

1.18 "**Pre-Existing Intellectual Property**" means all Intellectual Property owned, conceived, developed, first reduced to practice or otherwise made or acquired by a Party prior to the Effective Date hereof or outside of the services performed under this Agreement, including all modifications, adjustments or improvements thereto. For avoidance of doubt, Pre-Existing Intellectual Property may be Manufacturer Pre-Existing Intellectual Property or Consumer Pre-Existing Intellectual Property as the case may be.

1.19 "**Quality Agreement**" means the quality agreement to be entered into by the Parties as required, in form and content to be agreed by all parties.

1.20 **"Regulatory Approval"** means the receipt of approval from any Regulatory Authorities of the acceptance of the use of the API in the Finished Product.

1.21 "**Regulatory Authorities**" means any and all bodies and organizations, including, without limitation, the FDA, which regulate the Manufacture, importation, distribution, use and sale of API and/or the Finished Products.

1.22 **"Regulatory Filing"** means the preparation, submission and registration of the API to Regulatory Authorities by the either Party or subcontracted third parties.

1.23 "**Specifications**" means the specifications required by Consumer as attached hereto as Annex B or are hereafter provided to Manufacturer.

1.24 "**Term**" has the meaning given such term in Section 10.1.

1.25 "**Territory**" means all global countries with no exceptions.

1.26 "**Third Party Manufacturer**" means any Person (including any Affiliate of Consumer) that Manufactures and supplies Finished Product to Consumer or a Third-Party Seller pursuant to a license or other contractual arrangement with Consumer.

1.27 "**Third Party Seller**" means any Person (including any Affiliate of Consumer) that sells Finished Product to customers pursuant to a license or other contractual arrangement with Consumer.

## 2. DEVELOPMENT, QUALIFICATION & REGULATORY FILING

2.1 Manufacturer shall develop the API as per the scope and costs outlined in Annex A hereto.

2.2 Manufacturer shall: (a) provide Consumer with any and all information related to the API which is necessary or advisable for the preparation, prosecution and maintenance of any regulatory filings.

2.3 Consumer shall be liable for all Regulatory Filing costs.

2.4 Consumer shall use API obtained from Manufacturer in the Finished Product and Manufacturer agrees to supply Consumer with mutually agreed quantities of API for such purposes.

2.5 Manufacturer shall not supply or sell the API or provide to any third parties with the exception of such Third-Party Manufacturers or Third-Party Sellers that may be engaged by Consumer to produce the Finished Product.

## 3. DELIVERY; RISK OF LOSS

3.1 API covered by each Order accepted by Manufacturer shall be packed for shipment and stored in accordance with cGMP and the Quality Agreement. Consumer's Order number (or other numbers as required and determined) and quantity shipped shall be marked or tagged on each package and bill of lading.

3.2 Manufacturer shall ship API to Consumer or a Third-Party Seller or Third-Party Manufacturer as set forth in the respective Orders. Manufacturer shall (i) conduct quality control tests on the API prior to shipment in accordance with applicable law and the Quality Agreement; (ii) at Consumer's request furnish samples of the API to Consumer or the Third Party Manufacturer or Third Party Seller; and (iii) deliver with each shipment a certificate of analysis for the API included in such shipment in accordance with the Specifications.

3.3 Terms of shipment will be DDU (Incoterms © 2010), Consumer's specified warehouse or place of operations. API will be delivered, and title and risk of loss shall pass to Consumer when delivered. All deliveries from Manufacturer will be made on or before the delivery date specified in each Order confirmed in writing by Manufacturer.

3.4 If at any time during the Term, Manufacturer is or expects that it will be unable, in full or in part, to satisfy Consumer's requirements for API for any reason, Manufacturer shall promptly so notify Consumer, detailing the extent to which it will not

meet such requirements. Consumer without limiting any other remedy available to it, may in its discretion meet the shortfall therein from any alternate source or sources.

## 4. WARRANTY; ACCEPTANCE

4.1 Manufacturer warrants that at the time of delivery of API by Manufacturer hereunder, such API (a) shall be free from defects in workmanship and materials; (b) will be in good and merchantable quality and conform to the Specifications; and (c) will have been Manufactured, stored and packaged for shipment in accordance with cGMP in effect at the time thereof and with the Quality Agreement, and in compliance with all applicable laws, regulations and ordinances of any Regulatory Authority having jurisdiction over the Manufacture and delivery of API.

4.2 Consumer shall have the right to reject all or part of any shipment of API delivered by Manufacturer if it fails to conform to the warranty contained in Section 4.1 herein, provided that Consumer delivers written notice within thirty (30) days from the date of receipt of such shipment. If Consumer does not notify within such thirty (30) day period, as applicable, or decides not to test the API prior to use, the API shall be deemed accepted by Consumer. If Consumer rejects any API, Consumer shall send samples of such allegedly defective API concurrently with or as soon as practicable following Consumer's written notice pursuant to this Section 4.2 for the purpose of confirming such non-compliance. Manufacturer shall review such samples as soon as practicable but in no instance more than thirty (30) days following the delivery of the samples pursuant to this Section 4.2. If a dispute arises as to whether the API conforms to the warranty contained in Section 4.1 which is not resolved within thirty (30) days of the delivery of the samples of the API in question, then the matter (along with related samples, batch records or other evidence, as appropriate) shall be submitted to an independent testing laboratory agreed to by each of Consumer and Manufacturer. The determination of the independent testing laboratory will be binding upon the Parties. If it is determined that the API was not in conformance with the warranty in Section 5.1 upon delivery, then Manufacturer will credit Consumer account for the price invoiced for the portion of nonconforming API and the cost of any testing and evaluation by the testing laboratory will be born solely by Manufacturer. Otherwise, Manufacturer will have no liability to Consumer with respect to such alleged nonconformance and the cost of any testing and evaluation by the testing laboratory will be borne solely by Consumer

## 5. REPRESENTATIONS, WARRANTIES AND COVENANTS

5.1 Consumer hereby represents and warrants to Manufacturer that (a) Consumer is a limited company duly organized and existing under the laws of the Republic of Ireland, (b) it has the requisite authority to enter into this Agreement and to perform its obligations hereunder, (c) this Agreement is a legal, valid and binding agreement of Consumer, enforceable against Consumer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, or similar laws in effect which affect the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies (d) Consumer is not aware of any contractual or other restriction, limitation or condition which might affect adversely its ability to perform hereunder, and (e) Consumer is in material compliance with all laws and regulations applicable to the conduct of its business.

5.2 Manufacturer represents and warrants that it will develop the API using its commercially reasonable best efforts. Manufacturer further represents and warrants to

Consumer that (a) it is a corporation organized and existing under the laws the Republic of Ireland (b) it has the requisite authority to enter into this Agreement and to perform its obligations hereunder, (c) this Agreement is a legal, valid and binding agreement of Manufacturer enforceable against Manufacturer in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, or similar Laws in effect which affect the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, (d) it is not aware of any contractual or other restriction, limitation or condition which might affect adversely its ability to perform hereunder, and (e) Manufacturer is in material compliance with all applicable laws and regulations.

5.3 Each of Consumer and Manufacturer further represents, warrants and covenants: (i) that it will assign to its performance of this Agreement personnel qualified to perform the activities consistent with the technical requirements of this Agreement; and (ii) that none of such Party's personnel to be assigned to this Agreement have or shall have been subject to debarment under the United States Generic Drug Enforcement Act or any other penalty or sanction by the applicable Regulatory Authority.

5.4 The representations, warranties, covenants and undertakings contained in this Agreement are continuous in nature and shall be deemed to have been given by each Party at execution of this Agreement and at each stage of performance hereunder.

## 6. REGULATORY INSPECTIONS AND COMMUNICATIONS

6.1 Consumer will keep Manufacturer aware of registrations related to API and Manufacturer. Each of the Parties agrees to cooperate to the extent reasonably requested by the other in connection with any communications with the FDA or any other Regulatory Authority related to API.

6.2 Consumer shall have the right, to inspect with those of its representatives, representatives of Consumer's Affiliates or representatives of any Third-Party Seller those areas of the facilities of Manufacturer where API is Manufactured for Consumer, to meet with personnel knowledgeable with respect to such services and to review the pertinent records relating to the Manufacturing and quality control of the API. In addition to and not as a part of the foregoing rights, Consumer shall have the right to inspect the facilities of Manufacturer with reasonable advance written notice in the event (a) Manufacturer is in default under this Agreement, (b) in the event of either Party's receipt of notice of deficiency from any Regulatory Authority regarding the API.

## 7. COMPLAINT HANDLING AND ADVERSE DRUG REACTION REPORTS

7.1 Consumer shall be responsible for reporting all adverse drug events and responding to all adverse drug reports received from third parties regarding the Finished Products.

7.2 If Consumer determines, after investigating an adverse event report, that the characteristics or quality of the API supplied under this Agreement may have been a factor in the adverse event, then Consumer shall notify Manufacturer immediately.

7.3 Nothing in this Section 7 shall be deemed a waiver of any of Consumer's rights with respect to indemnity owed by Manufacturer pursuant to Section 9.

7.4 Consumer shall be solely responsible for receiving, recording and responding to all customer inquiries and complaints and all reports of alleged adverse events relating to the Finished Product, and for reporting all such matters to appropriate Regulatory Authorities in accordance with applicable law. Manufacturer shall provide Consumer with any technical information relating to manufacture or stability of the API reasonably necessary to enable Consumer to perform all such activities and to determine whether the adverse event, customer inquiry or complaint involves nonconformance or defect in the API or necessitates a recall or other corrective or market action. Should Manufacturer receive any notice or inquiry regarding adverse events, it shall immediately transmit them to Consumer.

## 8. RECALLS AND WITHDRAWALS

To the extent permitted or required by law, any decision to recall, withdraw or cease distribution of any Finished Product as a result of a violation of applicable law or regulation, or because the Finished Product presents a possible safety risk, shall be made by Consumer. Consumer will promptly notify Manufacturer of any such decision to recall, withdraw or cease distribution. Consumer shall indemnify and hold harmless Manufacturer against any and all reasonable Losses (including the value of inventory of API or raw material) which Manufacturer may incur as a result of any recall, withdrawal or cessation of distribution of Finished Products initiated by Consumer but only to the extent that the basis for the recall, withdrawal or cessation is caused solely by Consumer.

## 9. INDEMNIFICATION AND LIMITATIONS

9.1 Manufacturer shall indemnify, defend and hold Consumer, its directors, shareholders, officers, employees and Affiliates, harmless against all losses, damages, third party claims, proceedings, demands and liabilities, including reasonable legal expenses and attorneys' fees (collectively, "**Losses**") arising out of (i) the material breach of any of Manufacturer's obligations, warranties and representations under this Agreement, or (ii) the death of or injury to any person or any damage to property, resulting from Manufacturer's operations and provision of Manufacturing services, except to the extent such Losses are caused by Consumer's gross negligence or willful misconduct or by Consumer's breach of the Agreement.

9.2 Consumer shall indemnify, defend and hold Manufacturer, its directors, officers, employees and Affiliates harmless against all Losses, arising out of (i) the material breach of any of Consumer's obligations, warranties and representations under this Agreement, or (ii) the death of or injury to any person or any damage to property, resulting from side effects, characteristics or defects of the Finished Product, except to the extent such Losses are caused by Manufacturer's negligence or willful misconduct, its breach of the Agreement.

9.3 Consumer shall indemnify, defend and hold Manufacturer, its directors, officers, employees and Affiliates harmless against all Losses, arising out of any third party claims of patent infringement or other litigation involving the API, except to the extent such Losses are caused by Manufacturer's negligence or willful misconduct.

9.4 Except as expressly set forth in Sections 9.1 through 9.3, above, with respect to amounts payable to third parties, no Party shall be responsible to the other Party for such other Party's lost profits or indirect, incidental, special, exemplary, punitive or consequential

damages, including loss or damage to goodwill or reputation, whether foreseeable or not, that are in any way related to this Agreement.

9.5 Upon the occurrence of an event that requires indemnification under this Agreement, the Party entitled to be indemnified ("**Indemnified Party**") will give prompt written notice to the Party obligated to indemnify ("**Indemnifying Party**") providing reasonable details of the nature of the event and basis of the indemnity claim. The Indemnifying Party will then have the right, at its expense and with counsel of its choice, to defend, contest, or otherwise protect against any such action. The Indemnified Party will also have the right, but not the obligation, to participate, at its own expense in the defense thereof with counsel of its choice. The Indemnified Party shall cooperate to the extent reasonably necessary to assist the Indemnifying Party in defending, contesting or otherwise protesting against any action, provided that the reasonable cost in doing so will be paid by the Indemnifying Party. If the Indemnifying Party fails within thirty (30) Business Days after receipt of notice to notify the Indemnified Party of its intent to defend, or to defend, contest or otherwise protect against the action or fails to diligently continue to provide the defense after undertaking to do so, the Indemnified Party will have the right upon ten (10) Business Days' prior written notice to the Indemnifying Party to defend, settle and satisfy any action and recover the costs of the same from the Indemnifying Party.

9.6 In the event that in determining the respective obligations of indemnification under this Section 9, it is found that the fault of the Indemnified Party or its respective Affiliates, contributes to any Losses for which the Indemnifying Party is otherwise liable hereunder, then each Party shall be responsible for that portion of the indemnifiable Losses to which its fault contributed.

9.7 Without limiting its obligations hereunder, Consumer shall maintain, commencing with the Effective Date and continuing throughout the Term, sufficient product liability insurance coverage to satisfy its obligations hereunder. Consumer shall, upon request, provide to Manufacturer certificates of insurance, evidencing such insurance. Without limiting its obligations hereunder, Manufacturer shall maintain, commencing with the Effective Date and continuing throughout the Term, sufficient product liability insurance coverage to satisfy its obligations hereunder. Manufacturer shall, upon request, provide to Consumer certificates of insurance, evidencing such insurance.

## 10. TERM AND TERMINATION

10.1 This Agreement shall become effective upon the Effective Date and, unless earlier terminated as provided below, shall remain in full force and effect until the second (2nd) anniversary of the Effective Date (the "**Initial Term**"). Thereafter, the Agreement will automatically be extended for successive one (1) year periods (each such period, a "**Renewal Term**") unless notice is given six (6) months in advance by either Party of its intent not to renew. The Initial Term together with all Renewal Terms shall be the "**Term**."

10.2 Consumer may, but is not required to, terminate the Agreement immediately by providing written notice to Manufacturer upon the occurrence of any of the following events:

10.2.1 the liquidation or dissolution of Manufacturer,

10.2.2 The cessation of all or substantially all of Manufacturer's business operations;

10.2.3 The commencement by Manufacturer of insolvency proceedings, or the commencement against Manufacturer of insolvency proceedings that are not dismissed within sixty (60) days from the date of commencement;

10.2.4 The failure of the Manufacturer to develop a manufacturing process generating API meeting the Specification.

10.3 If a Party breaches a material term or condition of this Agreement, the non-breaching Party shall have the right to terminate this Agreement after thirty (30) days' prior written notice to the other Party unless any such default or breach is cured within said thirty (30) days. Termination for breach of a material item under this Section 10.3 shall be in addition to all other rights and remedies available to the non-breaching Party at law or in equity.

10.4 Neither the expiration nor the termination of this Agreement shall relieve the Parties of their obligation incurred prior to such expiration or termination. All provisions that, by their express or implied terms, are meant to survive termination of the Agreement shall continue irrespective of such termination.

10.5 The Manufacturer may, but is not required to, terminate the Agreement immediately by providing written notice to the Consumer upon the occurrence of any of the following events:

10.5.1 Failure by the Consumer to place any order of the API in a twelve month period.

10.5.2 Failure by the Consumer to adhere to the payment terms as set out in Annex A.

## 11. FORCE MAJEURE

Except for the obligation of a Party to make payments to the other Party pursuant to this Agreement (which will not be deferred or extended for any reason), neither Manufacturer nor Consumer will be responsible to the other for any failure to perform or delay in performing if the failure or delay is due to any strike, riot, civil commotion, sabotage, act of terrorism, embargo, war or act of God or other cause beyond its reasonable control ("**Force Majeure**"). Notwithstanding the foregoing, if any delay in the performance by either Party of its obligations under this Agreement shall continue for a period of four (4) months or more, then the Party not suffering the Force Majeure event may terminate this Agreement by written notice to the other Party and each of Manufacturer and Consumer shall be relieved from all duties and obligations under this Agreement, except those duties and obligations accruing prior to such termination.

## 12. CONFIDENTIALITY; INTELLECTUAL PROPERTY

12.1 In carrying out the terms of this Agreement it may be necessary that one Party disclose to the other certain information, which is considered by the disclosing Party to be proprietary and of a confidential nature. As used herein "**Confidential Information**" means any and all information, including Intellectual Property that is disclosed under this Agreement as set forth below and that Consumer or Manufacturer, as the case may be, considers to be and treats as proprietary and confidential. Confidential Information includes, but shall not be limited to Intellectual Property, plans, processes, compositions, formulations, specifications, samples, systems, techniques, analyses, production and quality control data, testing data, marketing and financial data, and such other information or data relating to any finished drug product or active pharmaceutical ingredient, or its Manufacture, marketing or sale. Confidential Information also includes the existence and the terms of this Agreement or any license or arrangement with any Third Party Manufacturer or Third Party Seller.

12.2 The recipient of any Confidential Information shall not use it for any purpose other than for purposes of performing its obligations under this Agreement. The Party receiving any Confidential Information will divulge it only to those of its officers, shareholders, directors, employees, advisors, authorized Third Parties and Affiliates (and such Affiliates' officers, directors, employees and advisors) who have a need to know it as a part of the receiving Party's obligations hereunder and the receiving Party shall cause said officers, directors, employees, advisors, authorized Third Parties and Affiliates (and such Affiliates' officers, directors, employees and advisors) shall hold the information in confidence pursuant to this Agreement. The recipient of any Confidential Information shall not disclose it to any third party, except as otherwise contemplated in this subsection, without the written consent of the disclosing Party.

12.3 The obligations of confidentiality and non-disclosure as provided herein will terminate seven (7) years from the expiration or termination of this Agreement; provided, however, that with respect to any Confidential Information constituting proprietary Intellectual Property such as trade secret and know-how, such obligations shall extent until such Confidential Information is made available to the public without restriction and without violating any confidentiality obligations hereunder or otherwise protecting the same. This Section 12 will impose no obligation upon the recipient of any Confidential Information with respect to any portion of the received information that (a) was known to or in the possession of the recipient prior to the disclosure; or (b) is or becomes publicly known through no fault attributable to the recipient; or (c) is provided to the recipient from a source independent of the disclosing Party that is not subject to a confidential or fiduciary relationship with the disclosing Party concerning the information; or (d) is generated by the recipient independently of any disclosure from the disclosing Party; or (e) is required by law to be disclosed to government officials who shall be informed of the confidential nature of such information.

12.4 Upon expiration or earlier termination of this Agreement, the recipient of any Confidential Information shall, as the disclosing Party may direct in writing, either destroy or return to the disclosing Party all Confidential Information disclosed together with all copies thereof, provided, however, the recipient may retain one archival copy thereof for the purpose of determining any continuing obligations of confidentiality, and provided further, however, that any archival copy will remain subject to the obligations of confidentiality and non-disclosure hereunder.

12.5 Confidential Information disclosed hereunder shall remain the property of the disclosing Party. Disclosure of Confidential Information shall not obligate either Party to

enter into any future agreement relating to such Confidential Information, nor to undertake any other obligation not otherwise set forth in this Agreement. Subject to the express provisions of this Agreement, neither execution and delivery of this Agreement nor delivery of Confidential Information hereunder shall constitute a grant, by implication, estoppel or otherwise, of any right in or license under any present or future invention, trade secret, trademark, copyright, or patent, now or hereafter owned or controlled by either Party. This Agreement shall not be construed as a teaming, joint venture, or other similar arrangement.

12.6 Manufacturer and Consumer shall respectively own the Manufacturer Pre-Existing Intellectual Property and Consumer Pre-Existing Intellectual Property.

12.7 The terms of this Section 13 will survive termination of this Agreement.

## 13. GENERAL PROVISIONS

13.1 Successors and Assigns. This Agreement shall be binding upon each of the Parties and each of their respective successors and assigns, if any.

13.2 Assignment.

13.2.1 Except as provided in Section 13.2.2, neither Party may assign or otherwise transfer this Agreement, or any rights or obligations hereunder, by operation of law or otherwise, without the prior written consent of the other Party.

13.2.2 Notwithstanding the foregoing:

a. either Party may, without the consent of but upon prior written notice to the other Party, assign this Agreement or its rights or obligations under this Agreement to an Affiliate; provided the assigning Party shall be responsible for such Affiliate's compliance with the terms and conditions of this Agreement and primary obligor for all or any obligations and liabilities assigned to such Affiliate under the terms of this Agreement;

b. either Party may also make an assignment or transfer of this Agreement (in whole or in part) without the other Party's prior written consent to (A) any successor to all or substantially all of the business and assets of such Party, whether in a merger, consolidation, sale of stock, sale of all or substantially all of its assets, or other similar transaction, provided that the assigning Party gives thirty (30) days' prior written notice to the other Party, or (B) in connection with the sale or transfer of all or substantially all of the assets related to this Agreement by Consumer, provided that any such successor or assignee of rights and/or obligations under this subsection (B) shall, in a writing delivered to Manufacturer, expressly assume performance of such rights and/or obligations; and this Agreement shall be binding on, and inure to the benefit of, each Party hereto, its successors, and permitted assigns;

c. In addition, nothing in this Agreement shall preclude Consumer from providing its lenders with a security interest in its rights under this Agreement in accordance with the terms of their security and collateral agreements in connection with any credit facility provided by such lenders to Consumer or preclude such lenders from foreclosing upon such security interest

in accordance with the terms of such security and collateral agreements (including, without limitation, by means of the sale of the assets or stock of Consumer to a third party including Consumer's rights and responsibilities under this Agreement), and any such action by such lenders shall not be deemed to be a change of control for purposes of this Agreement; and

d. Consumer shall have the right, by written notice to Manufacturer from time to time, to designate any Affiliate of Consumer that shall be entitled to purchase API directly from Manufacturer pursuant to this Agreement, in which event such Affiliate shall, with respect to such individual orders of API, be deemed the "Consumer" and shall have all rights and obligations of Consumer hereunder.

13.3 Notices. Any notice, request, instruction or other communication required or permitted to be given under this Agreement must be in writing and must be given by sending the notice properly addressed to the other Party's address shown below (or any other address as either Party may indicate by notice in writing to the other from time to time) (a) by hand or by prepaid registered or certified mail, return receipt requested, , or (b) via nationally recognized overnight courier.

| | |
|---|---|
| If to Manufacturer: | TopChem Pharmaceuticals Limited<br>Ballymote Business Park<br>Ballymote, County Sligo, F56 RX08<br>Republic of Ireland<br>Email: donal@topchempharma.com |
| with a copy to: | margaret@topchempharma.com |
| If to Consumer: | QUOIN PHARMACEUTICALS<br>42127 Pleasant Forest<br>Ashburn, VA 20148. USA<br>Attn: Dr Michael Myers<br>Email: mmyers@quoinpharma.com |
| with a copy to: | dcarter@quoinpharma.com |

All such notices shall be deemed given when received.

13.4 Announcements. Except to the extent required by law, neither Manufacturer nor Consumer will publish, disclose or otherwise announce the existence of this Agreement or the terms hereof without the consent of the other Party, which consent will not be unreasonably withheld; provided however that each of Manufacturer and Consumer may disclose the existence of this Agreement to its officers, shareholders, directors, employees, advisors, Third Party Manufacturers, Third Party Sellers and Affiliates (and such Affiliates' officers, directors, employees and advisors) in accordance with Section 12.2.

13.5 Waiver. The failure of any Party to terminate or seek redress for a breach of, or to insist upon strict performance of any term, covenant, condition or provision contained

in this Agreement will not be deemed to be a waiver by such Party of its right to the respective remedy or measure in the future.

13.6 Governing Law. This Agreement will be governed and construed in accordance with the laws of Ireland, except for its conflict of law provisions. Manufacturer expressly agrees to consent to service of process and personal jurisdiction in all courts located in Ireland and to binding arbitration in Ireland. Manufacturer also expressly agrees to recognize any final judgment or order stemming from a court or binding arbitration panel. The Parties shall, before the commencement of any litigation or arbitration proceedings, attempt in good faith to settle their dispute by mediation.

13.7 No Partnership of Joint Venture. Manufacturer and Consumer will at all times act as independent parties without the right or authority to bind the other with respect to any agreement, representation or warranty made with or to any third party. Except as otherwise stated herein, Manufacturer and Consumer each will be responsible for all costs, expenses, taxes and liabilities arising from the conduct of its own business, as well as from the activities of its officers, directors, or employees, and each will hold harmless and indemnify the other from those obligations.

13.8 Entire Agreement. With the exception of the Quality Agreement agreed by Consumer and Manufacturer, this Agreement contains the entire and only agreement between the Parties with respect to the Manufacture and sale of the API and no oral statements or representations or written matter not contained in this Agreement will have any force or effect. This Agreement may not be amended or modified in any way except by writing executed by authorized representatives of both Parties.

13.9 Partial Invalidity. If any portion of this Agreement is determined to be illegal or otherwise unenforceable, that portion, to the extent permitted by law, shall be treated as deleted from this Agreement and the remaining portions of this Agreement will continue to be in full force and effect according to the terms hereof.

13.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement.

13.11 Section Headings. Section headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.

13.12 Annexes and Schedules. All annexes and schedules to this Agreement, signed by both Parties, whether attached at the time of signature hereof or at any time thereafter, shall be construed as an integral part of this Agreement.

13.13 No License. Except as expressly set forth in this Agreement, nothing herein shall be deemed to constitute a grant to either Party of any license or other right under patents, designs, copyrights or other industrial or intellectual property rights, now or hereafter belonging to the other Party.

***[Signature Page to Follow.]***

**IN WITNESS WHEREOF**, the Parties have executed this Agreement on the date written at the beginning of this Agreement.

| CONSUMER: | MANUFACTURER: |
|---|---|
| QUOIN PHARMACEUTICALS LIMITED | TOPCHEM PHARMACEUTICALS LIMITED |
| By: /s/ Michael Myers<br>Name: Michael Myers<br>Title: President & CEO | By: /s/ Donal Coveney<br>Name: Donal Coveney<br>Title: Managing Director |

# ANNEX A – SCOPE OF DEVELOPMENT & SUPPLY - API

The Manufacturer will develop a process for the manufacture of the API, analysis of the API and to supply [****].

## 1. Basis of Costing

It is assumed that TopChem purifies commercially available non-GMP grade API via a crystallisation or other purification process. The process will NOT be validated. Analytical methods will be developed to assure the quality of the product. ICH standards will be adhered to in the development of the specification. All analytical methods will be qualified but NOT validated.

## 2. Development & Supply Summary & Costs

The Project deliverables and costs are summarized as follows:

3. Process Development and Analytical Method Development. Cost €[****] (as detailed in Appendix 1)
    a. Deliverables: Develop purification process suitable for scale-up to GMP manufacture. Develop analytical methods and draft specification. Supply lab sample meeting specification.

4. Dedicated Capital Expenditure: Cost €[****] (as detailed in Appendix 2).

5. Scale-up, Clinical Trial Batch and Test Methods Qualification. Cost €[****] (as detailed in Appendix 3).

    a. Based on [****] (Pre-validation).
    b. Deliverables: [****].

## 6. Payment Terms

Credit terms are strictly 30 days and the following milestone payments apply:

1. Development – 50% up front, balance on delivery of stated deliverables.
2. Capital - 50% up front, balance on completion of capital equipment qualification.
3. Pre-Validation/Clinical Trial Batch - 50% up front, balance on shipping of the 1kg Clinical Trial Batch.

VAT at 23% is chargeable to Irish registered customers unless the appropriate VAT exemption is provided. No VAT is chargeable to international customers.

## 7. Exclusions

The following are specifically excluded from the scope of this proposal:

a. Analytical method validation

b. Process Validation

c. Stability studies

d. Any additional analytical methods over and above Annex B Specifications as requested by Consumer or any regulatory authority.

DETAILED COSTING in APPENDICES 1, 2, & 3 – following two pages

## APPENDIX 1 – DEVELOPMENT PHASE ACTIVITIES AND COSTS

**[****]**

## APPENDIX 2 – CAPITAL EXPENDITURE

**[****]**

**APPENDIX 3 – SCALE-UP, CLINICAL TRIAL BATCH & ANALYTICAL METHODS QUALIFICATION**

**[****]**

## ANNEX B – SPECIFICATIONS

| | |
|---|---|
| Appearance: | [****] |
| Identification: | [****] |
| Assay: | [****] |
| Purity: | [****] |
| Loss on Drying: | [****] |
| Residual solvents: | [****] |
| Residue on Ignition: | [****] |
| pH/acidity: | [****] |
| Microbiological impurities: | [****] |

**Exhibit 4.39**

# MASTER SERVICE AGREEMENT

This Master Service Agreement, ("Master Agreement") effective November 2, 2020 ("Effective Date"), is made by and between Therapeutics, Inc., a Delaware corporation with corporate offices located at 9025 Balboa Avenue, Suite 100, San Diego, CA 92123 (hereinafter "THERAPEUTICS" or "TI") and Quoin Pharmaceuticals Ltd. with corporate offices located at 42127 Pleasant Forest Ct, Ashburn, VA 20148 (hereinafter "QUOIN"), singly referred to as a "Party" or collectively as the "Parties".

WHEREAS, QUOIN and THERAPEUTICS desire to enter into this Master Agreement to provide the terms and conditions upon which QUOIN may engage THERAPEUTICS from time-to-time for the purpose of managing the preclinical and clinical development of its new products in the field of dermatology, and other related services or projects, by executing individual Work Orders (as defined below) specifying the details of the service and the related terms and conditions.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party, and intending to be legally bound hereby, QUOIN and THERAPEUTICS agree as follows:

**1. Definitions**

(a) "Act" means the United States Federal Food, Drug, and Cosmetic Act.

(b) "Active Pharmaceutical Ingredient" as used herein shall mean the active drug or biologic substance or substances contained in the Study Drug.

(c) "FDA" as used herein shall mean the United States Food and Drug Administration.

(d) "IND" as used herein shall mean an Investigational New Drug Application, as defined by the FDA.

(e) "IRB" as used herein shall mean the board(s) established pursuant to 21 CFR Part 56 for the purpose of reviewing clinical investigations.

(f) "Investigator(s)" as used herein shall mean a licensed physician or other licensed medical practitioner who is a qualified clinical investigator willing and able, and engaged to conduct a clinical investigation of the Study Drug as set forth in a Protocol.

(g) "NDA/BLA" as used herein shall mean a New Drug Application or Biologic License Application, respectively, as defined by the FDA, or foreign equivalent.

(h) "Project" as used herein shall mean those specific composite goals, objectives, activities, times, durations, costs and responsibilities described in a Work Order.

(i) "Protocol" as used herein shall mean particular preclinical or clinical testing procedures and conditions for the clinical evaluation of the Study Drug used from time to time, during the Term (as defined in Section 3(a)).

(j) "Services" as used herein shall mean the services to be provided to QUOIN by THERAPEUTICS pursuant to a Work Order (as defined in Section 2).

(k) "Study" as used herein shall mean the preclinical or clinical research described in a Protocol for which THERAPEUTICS is engaged by QUOIN to perform Services as described on a Work Order.

(l) "Study Drug" as used herein shall be defined in a Work Order and shall mean the drug, biologic, or similar product including any and all of its components, and including related test articles being tested in a Study for which THERAPEUTICS is providing Services as described in a Protocol or product development plan.

(m) Additional terms and conditions are defined in the section indicated in the table below:

| **Defined Term** | **Section** |
|---|---|
| Change Order | Section 2(b) |
| Claims | Section 11(a) |
| Confidential Information | Section 6(a) |
| Discloser | Section 6(a) |
| Initial Term | Section 3(a) |
| QUOIN Indemnitees | Section 11(a) |
| Recipient | Section 6(a) |
| Subsequent Term | Section 3(a) |
| THERAPEUTICS Indemnitees | Section 11(a) |
| Third Party | Section 11(e) |
| Work Order | Section 2(a) |

**2. Work Orders, Nature of Work**

(a) **Work Orders** The details of each Project under this Master Agreement shall be separately specified in writing in a work order signed by each Party (together with any Change Order with respect thereto, a "Work Order"). Each Work Order will include, as applicable, the Protocol title or project description, a description of the Services to be performed by THERAPEUTICS, the specifications of the applicable Study Drug including the Active Pharmaceutical Ingredient, the estimated timeline, budget and payment schedule and such other terms as shall be agreed upon by the Parties. The terms of this Master Agreement shall be automatically incorporated into the terms of any Work Order. This Master Agreement and each Work Order, independent from other Work Orders, constitute the entire agreement for a Project. To the extent any terms or provisions of a Work Order conflict with the terms and provisions of this Master Agreement, the terms and provisions of this Master Agreement shall control, unless otherwise expressly set forth in the Work Order.

(b) **Change Orders** Any material change in a Work Order shall require execution of an amendment to the Work Order (a "Change Order"). Each Change Order shall set forth the changes to the applicable task, responsibility, duty, budget, timeline or other matters. A Change Order will only become effective upon the execution of the Change Order by both Parties.

(c) **Transfer of Obligations** Notwithstanding any other provision of this Master Agreement, and in addition to any other specific responsibilities of THERAPEUTICS which are set forth herein, pursuant to 21 CFR Part 312.52, QUOIN may, from time to time, transfer to THERAPEUTICS, and if it so agrees THERAPEUTICS may assume, all or some of the specific obligations of QUOIN as ''Sponsor" under the Act. A description of such obligations to be transferred to THERAPEUTICS will be provided in each Work Order. It is agreed that the same description and extent of obligations transferred will be included in Section #13 of any applicable INDs filed on Form FDA 1571. THERAPEUTICS agrees to cany out diligently all transferred obligations that it agrees to assume.

(d) **Performance of Services** THERAPEUTICS agrees to use reasonable efforts to diligently perform, and to cause its employees, officers, permitted subcontractors and representatives to diligently perform the Services in accordance with the terms and conditions of this Master Agreement and each Work Order and with the standard of care customary in the contract research organization industry. Such efforts may include, without limitation, implementing reasonable procedures such as bonuses and other incentives for timely completion of the Services. EXCEPT AS SET FORTH IN THIS SECTION 2(d) OR ELSEWHERE IN THIS MASTER AGREEMENT, THERAPEUTICS MAKES NO OTHER COVENANTS, REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE SERVICES, EXPRESS OR IMPLIED, AND THERAPEUTICS SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SERVICES TO BE PROVIDED HEREUNDER.

**3. Term and Termination**

(a) This Master Agreement shall commence on the Effective Date and shall have an initial term of three (3) years (the "Initial Term"), unless earlier terminated as provided herein. The Initial Term will be automatically renewed for additional one (1) year terms ("Subsequent Term(s)"). The Initial Term and any Subsequent Terms shall be referred to collectively as the "Term".

(b) QUOIN may terminate this Master Agreement for any reason upon ninety (90) days prior written notice to THERAPEUTICS.

(c) Either Party may terminate any Work Order and this Master Agreement as it applies to such Work Order, upon written notice to the other Party, if the other Party materially breaches such Work Order and this Master Agreement as it applies to such Work Order. Both Parties agree to allow the breaching Party a reasonable time, but not more than ninety (90) days, to use reasonable efforts to correct such a breach (other than a breach of payment obligations, as to which this sentence and the next sentence do not apply) and provide

reasonably satisfactory evidence of corrective actions in a timely manner. Failure to cure such a breach within such 90-day period shall entitle the non-breaching Party to terminate the applicable Work Order and this Master Agreement as it applies to such Work Order, immediately by written notice to the breaching Party. In case of any breach in a payment obligation under a Work Order, the non-breaching Party shall be entitled to terminate that Work Order and this Master Agreement as it applies to such Work Order, effective upon the expiration of five (5) business days after notice of such breach from the non-breaching Party to the breaching Party, if the breaching Party fails to cure the breach of such payment obligation within such five (5) business day period.

(d) QUOIN may terminate any Work Order for any reason upon ninety (90) days prior written notice to THERAPEUTICS, subject to Section 3(h).

(e) If either Party believes termination of any Work Order is necessary to protect the safety or welfare of the Study subjects, then such Party shall have the right to terminate the applicable Work Order upon written notice to the other Party; provided, however, that after receipt of such notice of termination, the Parties shall commence any wind-down activities for any on-going Study for which the Parties have any responsibility hereunder in which any Study subject dosing has commenced. QUOIN shall be responsible for any costs associated with such wind-down activities.

(f) In the event of termination of this Master Agreement or any Work Order, QUOIN and THERAPEUTICS agree to discuss, cooperate and coordinate termination of activities being conducted by THERAPEUTICS. As soon as reasonably possible after receipt of any written termination notice by either Party, THERAPEUTICS will use commercially reasonable efforts to stop initiation of any tasks or activities not yet started as of the date of termination notice, whether to be conducted by THERAPEUTICS or a third party, unless another plan of termination is agreed to by both Parties. However, both Parties acknowledge non-cancelable costs may exist and will require payment as detailed in Section 3(h). In all cases of termination, a reasonable plan of action for cessation of activities will be agreed to by both Parties (such agreement not to be unreasonably conditioned, delayed or withheld) in order to ensure an orderly cessation of on-going tasks and activities and in order to protect the safety and rights of patients, as well as to facilitate compliance with the legal responsibilities of all Parties involved according to applicable local, federal and/or state laws, regulations and ordinances. THERAPEUTICS will use commercially reasonable efforts to terminate all Work Order associated tasks according to the plan so agreed to by both Parties.

(g) Upon termination of this Master Agreement or any Work Order, THERAPEUTICS will, at QUOIN's written request, promptly provide QUOIN with a copy of all records relating to Project performance and all periodic reports and/or patient records, maintaining confidentiality.

(h) Should QUOIN choose to terminate a Work Order prior to completion for any reason other than THERAPEUTICS' material breach of this Master Agreement or any Work Order or THERAPEUTICS' insolvency or bankruptcy, QUOIN agrees to pay THERAPEUTICS:

(i) all reasonable direct fees, including monthly fees for project management, medical monitoring, transfer of records or similar fees earned hereunder for Services performed up to the effective date of termination in accordance with the terms of the Work Order being terminated;

(ii) all non-cancelable costs for third party contracted Services and other expenses, including THERAPEUTICS's related administrative fees, incurred in connection with any Work Order being terminated to the date of termination; and

(iii) a separate termination fee equal to 10% of the remaining clinical Study Work Order budget,

(i) In the event a Work Order is terminated by QUOIN before conclusion by reason of any uncured material breach by THERAPEUTICS pursuant to Section 3(c) above, any third-party pass-through costs associated with terminating the Work Order, e.g. laboratory costs, etc. will be:

(i) borne by THERAPEUTICS if attributable to THERAPEUTICS's material breach of its obligations under the Master Agreement or Work Order and previously paid to THERAPEUTICS;

(ii) borne by QUOIN if not previously paid to THERAPEUTICS; or

(iii) borne by and as between QUOIN and THERAPEUTICS as they agree (such agreement not to be unreasonably conditioned, delayed or withheld) if neither of the above (i) and (ii) applies,

(j) Sections 3(f, g, h, and i), 5(b), 6, 7, 8, 10, 11, 12, 13, 15, 16(c), 24, 25 and 27 shall survive any expiration or termination of this Master Agreement to the extent of the terms detailed in each respective Section.

**4. <u>Work Order Compensation</u>**

(a) Unless otherwise provided for and agreed to in a particular Work Order, the following shall apply with respect to all payments by QUOIN for Services under a Work Order:

(i) THERAPEUTICS will be compensated for its Services, itemized expenses, and pass- through costs, net of discounts, incurred in the performance of the Services pursuant to the budget and payment schedule set forth in each respective Work Order.

(ii) All income related taxes (and penalties thereon) imposed by the United States or any state or locality of the United States on any payment by QUOIN to THERAPEUTICS shall be the responsibility of THERAPEUTICS. With respect to any other taxes imposed on THERAPEUTICS or required to be withheld by QUOIN from any amount payable to THERAPEUTICS under this Master Agreement or any Work Order ("Other Taxes"), in addition to all other amounts payable to THERAPEUTICS under this Master Agreement or any Work Order,

QUOIN shall pay to THERAPEUTICS the amount necessary so that THERAPEUTICS will have received all amounts so payable to THERAPEUTICS as if no Other Taxes were imposed on THERAPEUTICS or required to be so withheld from any amount payable to THERAPEUTICS.

(iii) THERAPEUTICS will submit monthly invoices to QUOIN which shall contain sufficient itemizations for fees, expenses and pass-through costs related to a Work Order.

(iv) THERAPEUTICS will invoice QUOIN promptly upon achievement of agreed to milestones (if other than monthly), as set forth in the applicable Work Order, for payment of Services.

(v) Invoices shall be payable in U.S. dollars by QUOIN within thirty (30) days from the date of the invoice (late payments will incur interest at a rate equal to 1.5% for each 30 day period, or part thereof, an invoice remains unpaid after the due date).

(b) If any portion of an invoice is disputed, then QUOIN shall notify THERAPEUTICS in writing and shall pay the undisputed amounts in compliance with Section 4(a)(v) and the Parties shall use good faith efforts to reconcile the disputed amount as soon as practicable. THERAPEUTICS shall maintain adequate accounting records for all receipts and disbursements of supplies and monies directly related to any Work Order. QUOIN shall be permitted to audit these records, at QUOIN's expense, during normal business hours upon reasonable notice to THERAPEUTICS. THERAPEUTICS will be reimbursed for reasonable expenses, including related labor expenses related to all audit activities.

(c) It is the Parties' expectation that the budget for any Work Order relating to Services to be provided by THERAPEUTICS will be negotiated by the Parties prior to submitting a formal Work Order for Services.

**5. <u>Personnel</u>**

(a) The Services with respect to each Project shall be performed by THERAPEUTICS under the direction of a Project Manager. Subject to the terms and conditions of any Work Order and this Master Agreement as it applies thereto, THERAPEUTICS will perform its Services in a professional and timely manner and will ensure that the personnel or subcontractors it uses to perform the Services are appropriately trained and qualified. QUOIN shall be entitled in good faith to request that the Project Manager be removed and replaced with a new Project Manager, and THERAPEUTICS shall make reasonable efforts to honor such request. QUOIN shall, upon request, be entitled to review credentials of all other personnel providing Services as per the Work Order and in good faith may request that any staff member be replaced and THERAPEUTICS shall make reasonable efforts to honor such request.

(a) NON - SOLICITATION

(i) <u>Non-solicitation by</u> QUOIN - QUOIN agrees that during the Term of this Master Agreement, and for a period of two (2) years after the termination of this Master

Agreement, QUOIN will not directly or indirectly solicit any personnel of THERAPEUTICS or its then current contractors to leave the service of THERAPEUTICS or any such contractor to become employed by QUOIN.

(ii) Non-solicitation by THERAPEUTICS - THERAPEUTICS agrees that during the Term of this Master Agreement, and for a period of two (2) years after the termination of the Master Agreement, THERAPEUTICS will not directly or indirectly solicit any personnel of QUOIN to leave the service of QUOIN to become employed by THERAPEUTICS.

(iii) Enforceability - The provisions of this Non-Solicitation Section shall be construed as enforceable in both law and equity, including by temporary or permanent restraining orders, notwithstanding the existence of any claim or cause of action by either Party against the other Party whether predicated on this Master Agreement or otherwise.

**6. Confidentiality**

(a) Any confidential and proprietary information ("Confidential Information") of a Party ("Discloser") acquired by the other Party ("Recipient") under this Master Agreement or any Work Order, including, without limitation, the results of any Study or Project, shall not be disclosed to any third party who does not have a need to know such Confidential Information for purposes of performing Recipient's obligations under this Master Agreement or any Work Order, without the prior written authorization from Discloser. Recipient shall use the Confidential Information only for the purpose of fulfilling its obligations under this Master Agreement or any Work Order. Recipient represents and warrants that it has obtained or will obtain agreements with its employees and agents (including subcontractors) to maintain the confidentiality of all Confidential Information as provided herein.

(b) The obligations of Recipient with regard to Confidential Information shall continue for a period of seven (7) years from the date that such Confidential Information is acquired by Recipient.

(c) The obligations of Recipient regarding the confidentiality and nondisclosure of Confidential Information as provided in this section shall not apply to information that:

(i) is already known to Recipient without prior disclosure from Discloser, as shown by Recipient's prior written records;

(ii) Recipient can demonstrate by written records was developed for or by Recipient, independent of any Confidential Information of the Discloser;

(iii) becomes publicly available through no fault of Recipient;

(iv) is received from a third party that has the legal right to disclose it to Recipient; or

(v) is required by law to be disclosed; provided that Recipient notifies Discloser in writing of its intention to disclose Confidential Information with sufficient time to allow Discloser to seek a protective order or file an application for confidential treatment as may be permissible.

(d) Recipient acknowledges that the disclosure of Confidential Information without Discloser's express permission may cause Discloser irreparable harm and that the breach or threatened breach of nondisclosure provisions of this Master Agreement may entitle Discloser to seek injunctive relief, in addition to any other legal remedies that may be available.

**7. <u>Ownership and Inventions</u>**

(a) THERAPEUTICS shall have no claim to any materials, documents and information, programs and suggestions of every kind and descriptions evidencing Confidential Information of QUOIN that may be provided by QUOIN to THERAPEUTICS, and THERAPEUTICS hereby assigns to QUOIN all data or reports resulting from any Study or prepared by THERAPEUTICS in connection with the Services performed hereunder,.

(b) THERAPEUTICS shall retain and preserve one (1) copy only of all materials, documents and information, program and suggestions provided by QUOIN to THERAPEUTICS and all data and reports resulting from Services performed hereunder for a period of two (2) years after the NDA has been approved by the FDA or a Project has been discontinued. At the end of such two (2) year period, THERAPEUTICS shall give QUOIN written notice of its intent to destroy any of such material at least thirty (30) days prior to destruction. If QUOIN requests such material, THERAPEUTICS shall provide such material to QUOIN at QUOIN'S expense. Failure of QUOIN to request such material or to respond to such notice within the thirty (30) day period shall constitute QUOIN's acquiescence to the destruction of such material.

(c) THERAPEUTICS hereby assigns to QUOIN any and all right, title and interest that THERAPEUTICS may have in any discoveries or inventions by THERAPEUTICS directly arising from the Services provided to QUOIN pursuant to this Master Agreement and/or Work Order that are directly related to the Active Pharmaceutical Ingredient, regardless of inventorship, unless otherwise agreed to by the Parties. THERAPEUTICS will promptly disclose in writing to QUOIN or its nominee any and all such inventions and discoveries of which THERAPEUTICS becomes aware. Whenever requested to do so by QUOIN, THERAPEUTICS will execute any and all applications, assignments or other instruments and give testimony reasonably necessary for QUOIN to apply for and obtain patent letters in the United States or any foreign country or to otherwise protect QUOIN's interests, therein, at QUOIN's sole cost and expense, including the payment of THERAPEUTICS' standard rates thereof. These obligations shall continue beyond the termination of this Master Agreement for a period of one (1) year and shall be binding upon THERAPEUTICS' successors, assignees, administrators and legal representatives.

**8. Access to Records**

THERAPEUTICS will permit representatives of QUOIN and/or any authorized regulatory authorities to have access at reasonable times to THERAPEUTICS's premises for the purpose of observing performance of the Services and/or reviewing resulting data.

**9. Adverse Experience Reporting**

Pursuant to any Protocol attached to any Work Order, THERAPEUTICS agrees throughout the duration of this Master Agreement, to promptly notify QUOIN of any information concerning any serious or unexpected event or injury, and the severity thereof, associated with the clinical uses, studies, investigations or tests, whether or not determined to be attributable to any Study Drug.

**10. Publications**

Project results may not be published or publicly disclosed, in whole or in part, by THERAPEUTICS or its affiliates without the prior express written consent of QUOIN.

**11. Indemnification**

(a) QUOIN agrees to indemnify, defend and hold harmless THERAPEUTICS, its respective officers, trustees, affiliates, agents, servants, employees and successors and (hereafter collectively referred to as "THERAPEUTICS Indemnitees") from and against any and all losses, costs (including the reasonable costs of providing medical care), expenses (including reasonable attorneys' fees and charges), claims, actions, liability and/or suits (collectively, "Claims") by a Third Party (as defined in subsection (e) below) suffered or incurred by a THERAPEUTICS Indemnitee as a result of (i) bodily injury to a patient or Study-related personnel in any Study being conducted pursuant to this Master Agreement or any Work Order directly or indirectly caused by administration of a Study Drag or any procedure under the Protocol or (ii) QUOIN's gross negligence or any intentional or reckless misconduct by QUOIN, except to the extent that any such Claims are caused by the gross negligence or intentional or reckless misconduct of any THERAPEUTICS Indemnitee.

QUOIN shall further indemnify, defend and hold harmless the THERAPEUTICS Indemnitees from any Claim by a Third Party In contract or tort (including strict liability claims) or based on any other legal theory that relate to the safety or efficacy of the Active Pharmaceutical Ingredient or any component of the Study Drug.

(b) THERAPEUTICS agrees to provide QUOIN with prompt notice of any such Third-Party Claim. In the event the aforesaid indemnity is invoked, QUOIN shall have the right, but not the obligation, to manage and control the defense and settlement of any and all such actions and lawsuits, and shall have the right to select and engage counsel of its own choice. THERAPEUTICS shall cooperate reasonably with QUOIN in the defense of any and all actions and lawsuits. No THERAPEUTICS Indemnitee shall be entitled to compromise or settle any such Third-Party Claim without prior written approval of QUOIN (such approval not to be unreasonably conditioned, delayed or withheld)-

(c) THERAPEUTICS agrees to indemnify, defend and hold harmless QUOIN, its parents, subsidiaries and affiliates, as well as the officers, directors, employees and agents of each (hereafter collectively referred to as "QUOIN Indemnitees") against and in respect of any and all Third Party Claims suffered or incurred by any QUOIN Indemnitee resulting from THERAPEUTICS's gross negligence or intentional or reckless misconduct.

(d) QUOIN agrees to provide THERAPEUTICS with prompt notice of any such Third-Party Claims. In the event the aforesaid indemnity is invoked, THERAPEUTICS shall have the right, but not the obligation, to manage and control the defense and settlement of any and all such actions and lawsuits, and shall have the right to select and engage counsel of its own choice. QUOIN shall cooperate reasonably with THERAPEUTICS in the defense of any and all actions and lawsuits. No QUOIN Indemnitee shall be entitled to compromise or settle any such Third-Party Claim without prior written approval of THERAPEUTICS (such approval not to be unreasonably conditioned, delayed or withheld).

(e) For purposes of these Indemnification provisions, "Third Party" shall mean any person or entity which is neither a Party to this Agreement nor an affiliate of a Party. For purposes of these Indemnification provisions, an "affiliate" shall mean any person or entity who directly or indirectly controls, is controlled by or is under common control with a Party to this Agreement by means of at least fifty (50%) percent ownership or more of the voting stock or similar interest. For purposes of this definition, "control," "controls" or "controlled" means ownership directly or through one or more Affiliates, of fifty percent (50%) or more of the shares of stock entitled to vote for the election of directors, in the case of a corporation, or fifty percent (50%) or more of the equity interests in the case of any other type of legal entity, status as a general partner in any partnership, or any other arrangement whereby a Party appoints or elects or has the right to appoint or elect the majority of the board of directors or equivalent governing body of a corporation or other entity, or the ability to cause the direction of the management or policies of a corporation or other entity. The Parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the preceding sentence; provided that such foreign investor has the power to direct the management and policies of such entity.

**12. Force Majeure and Delays**

In the event either Party shall be delayed or hindered in or prevented from the performance of any act required hereunder by reasons of strike, lockouts, labor troubles, inability to procure materials, failure of power or restrictive government or judicial orders, or decrees, riots, insurrection, war, acts of terrorism, acts of God, inclement weather or other similar reason or cause beyond that Party's control (not including the inability of a Party's software to perform data-dependent calculations properly), then performance of such act (except for the payment of money owed) shall be excused for the period of such delay; provided, however, if such delay continues in excess of eight (8) weeks, either Party may terminate the affected Work Order(s) without penalty under any Work Order, except that QUOIN shall be obligated to pay THERAPEUTICS (a) all reasonable direct fees earned under this Master Agreement or the terminated Work Order(s) up to the effective

date of termination in accordance with the terms of the terminated Work Order(s), as described in subsection (i) of Section 3(h), and (b) all non-cancelable costs incurred in connection with the terminated Work Order(s) to the date of termination, as described in subsection (ii) of Section 3(h).

**13. Notices**

Whenever any notice is to be given pursuant to this Master Agreement, it must be in writing using postage prepaid first-class certified mail with return receipt requested, delivery prepaid nationally recognized overnight carrier, or facsimile to the addresses set forth below:

THERAPEUTICS: Therapeutics, Inc.
9025 Balboa Avenue, Suite 100
San Diego, CA 92123
Attn: Daniel J. Piacquadio, M.D., President and CEO

QUOIN: Quoin Pharmaceuticals Ltd.
42127 Pleasant Forest Ct
Ashburn, VA 20148
Attn: Michael Myers, Ph.D., Chairman & CEO

Such notice shall be effective five days after deposit if sent by mail, the next business day if sent by overnight carrier and upon receipt of electronic confirmation of delivery if sent by facsimile.

**14. Legal Compliance**

THERAPEUTICS shall perform all work under this Master Agreement and any Work Order in conformity in all material respects with all applicable federal, state and local laws and regulations including but not limited to the Act and the regulations promulgated pursuant thereto, as amended from time to time. For purposes of QUOIN providing the FDA with certification pursuant to Section 306(k) of the Act, THERAPEUTICS warrants that no person working under the supervision of THERAPEUTICS that will be performing Services pursuant to this Master Agreement or any Work Order has been debarred or convicted of crimes pursuant to Sections 306(a) and (b) of the Act and under the U.S. Generic Drug Enforcement Act of 1992, 21 U.S.C. §§335(a) and (b), as amended. THERAPEUTICS agrees to notify QUOIN as soon as practicable upon THERAPEUTICS' learning of the occurrence of any such debarment, conviction, or inquiry relating to a potential debarment, of any person performing Services pursuant to this Master Agreement or any Work Order and agrees that said person shall be immediately prohibited from performing Services under this Master Agreement or any Work Order.

QUOIN covenants and represents that it shall not request THERAPEUTICS to perform assignments or tasks that violate any applicable law or regulation.

**15. Regulatory Inspections**

(a) Responsibilities of THERAPEUTICS: If any governmental or regulatory authority conducts or gives notice to THERAPEUTICS of its intent to conduct an inspection of THERAPEUTICS or any study site or take any other regulatory action with respect to the Services provided under this Master Agreement or any Work Order, THERAPEUTICS

shall (a) cooperate with QUOIN and reasonably act to obtain the cooperation of any Investigator(s); (b) provide QUOIN prior notice of any inspection or other regulatory action; and (c) allow QUOIN the right to be present at any such inspection at THERAPEUTICS. QUOIN shall have primary responsibility of preparing and THERAPEUTICS shall cooperate in the preparation of any responses which may be required by any governmental or regulatory authority with regard to any such inspection or regulatory action, and any required follow-up actions. QUOIN shall have the sole opportunity to challenge any order of a regulatory or governmental activity affecting its IND, NDA or any Project. If THERAPEUTICS has attempted to comply with the provisions of this Section 15 but is nevertheless required by a governmental or regulatory authority to comply with its demand or request, then compliance by THERAPEUTICS shall not cause a breach of this Master Agreement. THERAPEUTICS will be reimbursed reasonable expenses by QUOIN, including daily labor rate expenses related to all regulatory inspections.

(b) THERAPEUTICS Support of Study Site for Audit: In the event that a clinical site is notified by any governmental or regulatory authority of an inspection or audit of a study under any prior completed or current Work Order, upon QUOIN's consent, THERAPEUTICS will provide audit assistance to that site in preparation for the inspection. THERAPEUTICS will be reimbursed for reasonable expenses, including travel reimbursement and labor expenses at daily rates, related to all regulatory inspections. Inspection/audit fees charged by the sites will be billed directly to QUOIN, if applicable.

**16. <u>Insurance</u>**

(a) THERAPEUTICS and QUOIN each represents that it maintains and will continue in force during the Term of this Master Agreement, at its sole cost and expense, the minimum insurance coverage listed below. Each Party shall provide to the other certificates of insurance evidencing the insurance required hereunder and will provide prompt written notice to the other Party prior to any cancellation of such coverage or material change in such coverage.

(i) Comprehensive automobile liability insurance for vehicles furnished by such Party or used by such Party in the performance of this Master Agreement or any Work Order with bodily injury and property damage limits of at least $1,000,000 each occurrence, combined single limit;

(ii) Commercial general liability insurance with bodily injury and property damage minimum limits of $1,000,000 each occurrence, with an aggregate combined single limit of at least $2,000,000;

(iii) Excess liability insurance with minimum limits of $1,000,000 per occurrence/aggregate combined single limit which shall be excess of the coverage described in Section 16(a)(i) and Section 16(a)(ii) above; and

(iv) With respect to QUOIN only, product and clinical trials liability insurance in the amount of at least $5,000,000 combined single limit with the obligation to continue for a minimum of three (3) years beyond the termination of the Study.

(b) To the extent permitted by law, the insurance set forth above as well as any other coverage agreed to be purchased hereunder shall contain waivers of subrogation and/or rights of recovery as to claims against the other Party. This waiver shall not apply if the responsible Party was grossly negligent.

(c) THERAPEUTICS shall be identified as an additional insured under QUOIN's product and clinical trials liability insurance described in Section 16(a)(iv) above.

(d) THERAPEUTICS and QUOIN agree that with regard to this Master Agreement, the insurance coverage to be provided hereunder shall be considered as primary insurance and not contributory with any similar instance which the other Party and/or its employees and agents may maintain on their own behalf.

**17. Assignment**

Other than to a successor to all or substantially all its assets, this Master Agreement and each Work Order may not be assigned by either Party without the other Party's prior written consent, which consent shall not be unreasonably conditioned, delayed or withheld.

**18. Independent Contractors**

For purpose of this Master Agreement, the relationship between the Parties is that of an independent contractor and neither Party shall have the authority to bind or act on behalf of the other Party without its prior written consent. Nothing contained in the Master Agreement shall be construed to create the relationship of principal and agent or employer and employee between QUOIN and THERAPEUTICS, or their respective employees, servants, agents or independent contractors.

**19. Relationship with Investigators**

If a particular Work Order obligates THERAPEUTICS to contract with an Investigators) or investigative site, then any such contract shall be on a form mutually acceptable to THERAPEUTICS and QUOIN, and any material changes to such form shall require prior written approval by QUOIN. QUOIN will be responsible for promptly reviewing, commenting on and/or approving such form contracts and proposed changes.

**20. Advertising**

THERAPEUTICS shall not issue any information or statement to the press or public relating to the results of any Study without the prior written consent of QUOIN. Neither Party shall use the name or trademarks of the other Party in any announcement, publication or promotional material or in any form of public distribution, including file Party's website or any social networking media without the prior written consent of the other Party except as required by applicable law, any court or administrative order or any Work Order.

Notwithstanding the foregoing provisions of this Section 20, THERAPEUTICS shall have the right to include the name of QUOIN in any listing of clients, the type of services provided and the respective fees charged or forecasted to be charged for the sole purpose of providing such information to board members, financial institutions, accounting firms and prospective equity or debt investors in THERAPEUTICS.

**21. Mutual Representations**

Each Party represents that: (a) it has the right and authority to enter into this Master Agreement and to perform its obligations hereunder and required pursuant to each Work Order; (b) the person executing this Master Agreement has the authority to do so; and (c) it is not a party to any existing agreement or arrangement that would prevent it from entering into this Master Agreement or would adversely affect its performance under this Master Agreement. These representations will also apply with respect to the execution of each Work Order by such Party.

**22. Severability**

If any provision of this Master Agreement or any Work Order shall be deemed void in whole or in part for any reason whatsoever, the remaining provisions shall remain in full force and effect.

**23. Estoppel**

The waiver or forbearance by either Party or the failure by either Party to claim a breach of any provision of this Master Agreement or any Work Order shall not be deemed to constitute a waiver or estoppel with respect to any subsequent breach or with respect to any provision thereof.

**24. Applicable Law**

This Master Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law principles thereof. Each Party hereby irrevocably consents to submit to the exclusive jurisdiction of the state and federal courts located in Cook County, Illinois relating to any claim, dispute or disagreement arising out or in any way related to this Master Agreement or the legal relationships established herein or any Work Order, and each Party consents to the personal jurisdiction of such courts.

**25. Descriptive Heading**

The descriptive heading of the Master Agreement sections are inserted for convenience only and shall not control or affect the meaning or construction of any provision hereof.

**26. Binding Effect**

The Master Agreement shall be binding upon and inure to the benefit of the Parties hereto and their successors and assigns.

**27. Entire Understanding**

This Master Agreement and each Work Order represents the entire understanding of the Parties with respect to the subject matter hereof. Any modification to this Master Agreement or any Work Order must be in writing and signed by both Parties.

**28. Multiple Counterparts**

This Master Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf' format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf' signature page were an original thereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Master Agreement as of the Effective Date.

| | |
|---|---|
| **THERAPEUTICS, INC.** | **QUOIN PHARMACEUTICALS LTD.** |
| By: /s/ Daniel J. Piacquadio | By: /s/ Michael Myers |
| Name: Daniel J. Piacquadio, M.D. | Name: Michael Myers, Ph.D. |
| Title: President and CEO | Title: Chairman & CEO |

**THE SYMBOL "[****]" DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL, AND (ii) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL**

**Term Sheet for Agreement**

**between**

**AXELLA RESEARCH, LLC**

**and**

**QUOIN PHARMACEUTICALS**

This Term Sheet (the "Term Sheet") sets forth the understanding of the mutual intentions of Axella Research, LLC ("Axella") and Quoin Pharmaceuticals ("QUOIN") regarding a proposed transaction (the "Transaction") whereby Axella will provide **(i)** regulatory consulting, **(ii)** pre-clinical and clinical consulting. In accordance with supplying the services described below Axella would receive either cash payment or equity in QUOIN in the form of stocks or shares, at Quoin's sole discretion subject to the terms defined below.

| | | | |
|---|---|---|---|
| **1.** | **Structure of Transaction** | | 1. The Transaction shall be structured as a Services Agreement pursuant to which Axella would be granted cash payment or equity in QUOIN, in exchange for the deliverables in accordance with the terms generally as described below.<br><br>2. Additionally, in consideration for Axella accepting in kind compensation for the services rendered, Quoin will grant Axella first right of refusal for providing future CRO services for subsequent steps in obtaining FDA approval for its pipeline of products. |
| | | | |
| **2.** | **Compliance with Government Regulations** | | <u>Government Regulations</u><br>· Axella will perform all its services, work and studies in accordance with applicable law and government regulation and customary industry practices. Axella will comply with all laws applicable to the care and use of experimental materials, conditions and in any case needed shall provide humane care and treatment in accordance with the most acceptable current practices.<br><br><u>Visits by Government Agencies</u> |

| | | | | |
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| | | | | · Axella shall notify QUOIN of any request from any government agency or any other third party to inspect or otherwise gain access to the information, data, or materials pertaining to the Services performed by Axella. Axella agrees to permit inspection of such information, data, or materials by authorized representatives of government agencies as required by law and to allow QUOIN to be present at any such inspection. |
| | | | | |
| **3.a** | **Pre-IND Scope of Work provided by Axella** | | 1 | Work with Quoin and gather relevant information/data/document, and organize information/data/document from Quoin. Work with Quoin to review, revise, update, and/or write up report on documents/information/data needed for Pre-IND of QRX003, such as but not limited to those listed below: |
| | | | | · Company information, including contact and address |
| | | | | · Product information, including composition and formulation |
| | | | | · manufacturing of product |
| | | | | · preclinical studies, including study reports |
| | | | 2 | Draft and revise according to comments from Quoin, and finalize the clinical protocol. |
| | | | 3 | Interact, and communicate with FDA to request a Pre-IND meeting |
| | | | 4 | Assemble and write up the Pre-IND document, in FDA required format |
| | | | 5 | E-submisson of meeting package to FDA at least 30 day prior to the FDA meeting |
| | | | 5 | Coordinate with FDA, and organize a Pre-IND meeting with FDA |
| | | | 6 | Participate in the Pre-IND meeting with FDA, such as but not limited to those listed below: |
| | | | | · prepare for, attend, and moderate the meeting |
| | | | | · record key information during the meeting |
| | | | | · follow up on key issues, via written communication with FDA |
| | | | | · obtain written response from FDA on the outcome of the Pre-IND meeting |

<table>
<tr><td>3.b</td><td>Pre-IND Information provided by QUOIN</td><td></td><td>Quoin is to provide the following information/documents:<br><u>Clinical:</u><br>1. Specific information on the assay on skin biopsy samples.<br>2. Input on study design of the clinical protocol.<br><u>Preclinical:</u><br>1. Available toxicology data, preferably in the form of study reports, if these are available.<br><u>CMC:</u><br>1. Batch record for GMP manufacturing of QRX003.<br>2. Batch record for the placebo lot, manufactured GMP. (Preferred).</td></tr>
<tr><td>3.c</td><td>IND Scope of Work provided by Axella</td><td></td><td><table>
<tr><td>1</td><td>Work with Quoin to gather and organize relevant information/data/document from Quoin, based on FDA comments provided from the pre-IND meeting. Work with Quoin to obtain, review, revise, update, and/or write up report on documents/information/data needed for IND filing.</td></tr>
<tr><td>2</td><td>Draft, and revise based on comments from Quoin, and finalize IND and clinical protocol according to FDA comments from the Pre-IND meeting and new information/data collected after pre-IND meeting.</td></tr>
<tr><td>3</td><td>Assemble and write up the IND document and clinical protocol, in FDA required format.</td></tr>
<tr><td>4</td><td>E-submit IND document to FDA.</td></tr>
<tr><td>5</td><td>Promptly address questions from the FDA during the 30-day review period, and e-submit all responses to the FDA, so that IND can be activated within 30 days upon FDA receipt of IND.</td></tr>
<tr><td>6</td><td>Follow up with FDA to obtain the "Study May Proceed" letter to indicate IND activation.</td></tr>
</table></td></tr>
<tr><td>3.d</td><td>IND Information provided by QUOIN</td><td></td><td>Quoin is to provide the following information/documents, unless they are provided during Pre-IND meeting preparation:<br><u>Clinical</u>:<br>1. Specific information on the assay on skin biopsy samples.<br>2. Study report from any assay validation studies performed on human biological samples.<br>3. Input on study design of the clinical protocol.<br><u>Preclinical</u>:<br>1. Available toxicology data, preferably in the form of study reports.<br>2. Study reports of all studies requested by the FDA at the Pre-IND meeting.<br><u>CMC</u>:<br>1. Batch record for GMP manufacturing of QRX003.<br>2. Certificate of Analysis of the GMP lot of the study drug, with all QC tests consistent with FDA's comments provided at the Pre-IND meeting.</td></tr>
</table>

| | | | |
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| | | | 3. Batch record for the placebo lot, manufactured GMP.<br>4. Certificate of Analysis of the GMP lot of placebo. |
| | | | |
| **4.** | **Milestones** | | (i) Preparation and submission of pre-IND document<br>(ii) Receipt of FDA written response from Pre-IND meeting<br>(iii) Receipt of an FDA acceptance of IND submission |
| | | | |
| **5.** | **Deliverables** | | (i) Equity Agreement, if applicable<br>(ii) Pre-IND meeting package<br>(iii) IND Submission Package |
| | | | |
| **6.** | **Ownership of materials** | | QUOIN will have title to all products and information developed as a result of work performed under the Agreements contemplated by this term sheet, whether before or after definitive agreements are executed, that relate to QUOIN's products in development or Confidential Information, unless otherwise agreed to in writing. Axella will assign and hereby does assign to QUOIN the rights to any patentable inventions discovered as a result of performing the Services for QUOIN. Axella will provide QUOIN with reasonable assistance to obtain such patents. **Axella shall not, without the prior written consent of the Company, utilize the Confidential Information or any derivatives, continuations, additions, developments or improvements thereof** to any use and /or to compete, either directly or indirectly, with the business of the Company. |
| | | | |
| **7.** | **Use of Subcontractors** | | · Axella may use of subcontractors to provide Services with QUOIN's prior written consent, provided that, (i) Axella will be fully liable for the performance of such subcontractor and for compliance by such subcontractor with the terms of the applicable agreements with QUOIN, and (ii) the agreement between Axella and such subcontractor must be consistent with Axella's obligations to QUOIN.<br>· Axella will ensure that its agreement with any permitted subcontractor includes the assignment of any Inventions to QUOIN or to the Axella, with the right of further transfer to QUOIN. Axella agrees not to make any use of any funds, space, personnel, facilities, equipment or other resources of a third party in performing Services, nor take any other action, that would result in a third party owning or having a right in the results of Services or Inventions.<br>· Axella has, and will engage, employees and permitted subcontractors and/or consultants ("Axella's Personnel") with the proper skill, training and experience to provide Services. Axella will |

<table>
<tr><td></td><td></td><td></td><td>be solely responsible for paying Axella's Personnel and providing any employee benefits that they are owed. Before providing Services, all Axella's Personnel must have agreed in writing to (i) confidentiality obligations consistent with the terms of the Agreement between Axella and QUOIN, and (ii) effectively vest in Axella any and all rights that such personnel might otherwise have in the results of their work.</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>8.a.</td><td>Fees for Service</td><td></td><td>The fees for services being provided by Axella as contemplated in section 3 of this document are $[****] for the Pre-IND scope (section 3.a) and $[****] for IND scope (section 3.c), for a combined total value of $[****] At Quoin’s discretion, for the first 6 months from execution of this agreement, these fees may be payable in cash or in equity. After 6 months, Axella shall be entitled to the equity distribution and have the discretion to accept cash if offered by Quoin.</td></tr>
<tr><td>8.b</td><td>Calculation for Equity and Vesting Schedule</td><td></td><td>In the event that Quoin elects to pay for services in equity, the parties mutually agree to set the valuation of QUOIN at USD$[****]. This will entitle Axella to a 0.65% equity position upon completion of the milestones set forth in section 4.<br>Upon completion of the following milestones, Axella will receive equity according to the following vesting schedule:
<table>
<tr><td></td><td><u>Milestone</u></td><td><u>Equity</u></td></tr>
<tr><td>(i)</td><td>Preparation and submission of pre-IND document</td><td>0.2%</td></tr>
<tr><td>(iii)</td><td>Receipt of FDA written response on Pre-IND meeting</td><td>0.2%</td></tr>
<tr><td>(iv)</td><td>Receipt of an FDA decision letter on the IND submission</td><td>0.25%</td></tr>
<tr><td></td><td>TOTAL</td><td>0.65%</td></tr>
</table></td></tr>
<tr><td>8.b</td><td>Payment Schedule of Cash Payment</td><td></td><td>In the event that Quoin elects to pay for services in cash payments will be due according to the following milestones:
<table>
<tr><td></td><td><u>Milestone</u></td><td><u>Payment Due</u></td></tr>
<tr><td>(i)</td><td>Preparation and submission of pre-IND document</td><td>$[****]</td></tr>
<tr><td>(iii)</td><td>Receipt of FDA written response from Pre-IND meeting</td><td>$[****]</td></tr>
<tr><td>(iv)</td><td>Submission of FDA acceptance of IND Application</td><td>$[****]</td></tr>
<tr><td></td><td>TOTAL</td><td>$[****]</td></tr>
</table></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>9.</td><td>Closing Date</td><td></td><td>It is anticipated that the closing of the Transaction shall take place on or about Novemberr 1, 2019.</td></tr>
</table>

| | | | |
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| **10.** | **Conditions to Closing:** | | The closing of the Transaction is subject to and contingent upon:<br><br>· the execution by the parties of definitive agreements, containing the provisions outlined above and certain representations, warranties, and other terms and conditions mutually acceptable to the parties and such other subscription-related documents as the Company reasonably requires (the "Definitive Agreements"). |
| | | | |
| **11.** | **Costs:** | | The Parties acknowledge and agree that each shall be responsible for its own expenses in connection with its individual assessment as to whether to proceed with the Transaction. |
| | | | |
| **12.** | **Expiration** | | This Term Sheet shall be effective as of the date of execution of this document and continue until ninety (90) days thereafter (the "Term Sheet Period") when it will expire unless extended. |
| | | | |
| **13.** | **Confidentiality** | | This Term Sheet and all information provided by QUOIN to Axella in connection with the agreements or work contemplated hereunder is Confidential Information of QUOIN and is subject to the Confidential Disclosure and Non-Use Agreement between QUOIN and Axella. |
| | | | |
| **14.** | **Indemnity** | | Axella shall indemnify QUOIN from any claims by Axella's employees or third party claims arising out of Axella's negligent acts or intentional misconduct during the conduct of the Services. Axella will not be liable to indemnify QUOIN against any loss or expense resulting from any claim arising out of QUOIN's use or marketing of any substance or method which is the subject of the Services unless the same results from Axella's breach of the Definitive Agreements or negligence or willful misconduct. QUOIN shall indemnify Axella from any claim or expense arising out of QUOIN's use or marketing of any such substance or method unless the same results from Axella's breach of the Definitive Agreements or negligence or willful misconduct. |
| | | | |
| **15.** | **Assignment** | | Axella shall not be permitted to assign any of its rights and/or obligations as set under this agreement to any other party without QUOIN's prior written approval. |
| | | | |
| **16.** | **Counterparts** | | This Term Sheet may be executed in two or more counterparts, in facsimile or PDF format and each such counterpart executed shall for all purposes be deemed an original, and all counterparts together shall constitute but one and the same instrument. This Term Sheet shall be binding upon all signatories hereof who sign below. |

| | | | |
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| | | | |
| **17.** | **Binding Law** | | This Term Sheet shall be governed by the laws of the State of New York. |
| | | | |
| **18.** | **No Third-Party Beneficiary** | | There are no third-party beneficiaries of this Term Sheet and no person or entity, other than the Parties hereto shall be entitled to enforce this Term Sheet. |
| | | | |
| **19.** | **Amendments** | | Any amendment or revision to this Term Sheet, the services outline must be proposed in writing by either party and accepted in writing by the other party before such amendment or revision shall become effective and binding. |

Please sign and date this Term Sheet in the space provided below.

**AXELLA RESEARCH, LLC**

By: /s/ Aci Kamelhar
Name: Avi Kamelhar
Title: CEO
Date: October 29, 2019

**QUOIN PHARMACEUTICALS**

By: /s/ Michael Myers
Name: Michael Myers
Title: CEO
Date: October 29, 2019

**Exhibit 4.41**

**THE SYMBOL "[****]" DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL, AND (ii) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL**

**Term Sheet for Agreement**

**between**

**AXELLA RESEARCH, LLC**

**and**

**QUOIN PHARMACEUTICALS**

**QRX003 FOR EPIDERMOLYSIS BULLOSA**

This Term Sheet (the "Term Sheet") sets forth the understanding of the mutual intentions of Axella Research, LLC ("Axella") and Quoin Pharmaceuticals ("QUOIN") regarding a proposed transaction (the "Transaction") whereby Axella will provide **(i)** regulatory consulting, **(ii)** pre-clinical and clinical consulting. In accordance with supplying the services described below Axella would receive 50% cash payment and the other 50% in cash or equity in QUOIN in the form of stocks or shares, or 100% in cash payment, at Quoin's sole discretion subject to the terms defined below.

| | | | |
|---|---|---|---|
| **1.** | **Structure of Transaction** | | 1. The Transaction shall be structured as a Services Agreement pursuant to which Axella would be granted an all cash payment or a combination of 50% cash and 50% equity in QUOIN, in exchange for the deliverables in accordance with the terms generally as described below.<br>2. Additionally, in consideration for Axella accepting in kind compensation for the services rendered, Quoin will grant Axella first right of refusal to match the winning proposal from an alternate CRO for providing future CRO services for subsequent steps in obtaining FDA approval for its pipeline of products provided that Axella has the proven capability to perform such services itself. |
| | | | |
| **2.** | **Compliance with Government Regulations** | | <u>Government Regulations</u><br>• Axella will perform all its services, work and studies in accordance with applicable law and government regulation and |

| | | | |
|---|---|---|---|
| | | | customary industry practices. Axella will comply with all laws applicable to the care and use of experimental materials, conditions and in any case needed shall provide humane care and treatment in accordance with the most acceptable current practices.<br><br><u>Visits by Government Agencies</u><br>· Axella shall notify QUOIN of any request from any government agency or any other third party to inspect or otherwise gain access to the information, data, or materials pertaining to the Services performed by Axella. Axella agrees to permit inspection of such information, data, or materials by authorized representatives of government agencies as required by law and to allow QUOIN to be present at any such inspection. |

| | | | | |
|---|---|---|---|---|
| **3.a** | **Pre-IND Scope of Work provided by Axella** | | 1 | Work with Quoin and gather relevant information/data/document, and organize information/data/document from Quoin. Work with Quoin to review, revise, update, and/or write up report on documents/information/data needed for Pre-IND package of QRX003, such as but not limited to those listed below: |
| | | | | · Company information, including contact and address |
| | | | | · Product information, including composition and formulation |
| | | | | · manufacturing of product |
| | | | | · preclinical studies, including study reports |
| | | | 2 | Draft, revise according to comments from Quoin, and finalize the clinical protocol. |
| | | | 3 | Interact, and communicate with FDA to request a Pre-IND Sub meeting with FDA |
| | | | 4 | Assemble and write up the Pre-IND document, in FDA required format |
| | | | 5 | E-submission of meeting package to FDA at least 30 day prior to the FDA meeting |
| | | | 5 | Coordinate with FDA, and organize a Pre-IND meeting with FDA |
| | | | 6 | Pre-IND meeting with FDA, such as but not limited to those listed below: |
| | | | | · prepare for, attend, and moderate the meeting |
| | | | | · Record key information during the meeting |
| | | | | · follow up on key issues, via written communication with FDA |
| | | | | · obtain written response from FDA on the outcome of the Pre-IND meeting |
| | | | | |
| **3.b** | **Pre-IND Information provided by QUOIN** | | Quoin is to provide the following information/documents:<br>**<u>Clinical:</u>**<br>1. Specific information on the assay on skin biopsy samples.<br>Preclinical:<br>1. Toxicology data, preferably in the form of study reports.<br>**<u>CMC:</u>**<br>1. Batch record for GMP manufacturing of QRX003.<br>2. Batch record for the placebo lot, manufactured GMP. (Preferred). | |
| **3.c** | **IND Scope of Work provided by Axella** | | 1 | Work with Quoin to gather and organize relevant information/data/document from Quoin, based on FDA comments provided from the pre-IND meeting. Work with Quoin to obtain, review, revise, update, and/or write up report on documents/information/data needed for IND filing. |
| | | | 2 | Revise or rewrite IND according to FDA comments from the Pre-IND meeting, and finalize the clinical protocol. |

| | | | | |
|---|---|---|---|---|
| | | | 3 | Assemble and write up the IND document, in FDA required format. |
| | | | 4 | E-submit IND document to FDA. |
| | | | 5 | Promptly address questions from the FDA during the 30-day review period, and e-submit all responses to the FDA, so that IND can be activated within 30 days upon FDA receipt of IND. |
| | | | 6 | Follow up with FDA to obtain the "Study May Proceed" letter to indicate IND activation. |
| **3.d** | **IND Information provided by QUOIN** | | Quoin is to provide the following information/documents, unless they are provided during Pre-IND meeting preparation:<br>**<u>Clinical</u>**:<br>1. Specific information on the assay on skin biopsy samples.<br>2. Study report from assay validation studies of assay human biological samples.<br>**<u>Preclinical</u>**:<br>1. Toxicology data, preferably in the form of study reports.<br>2. Study reports of all studies requested by the FDA at the Pre-IND meeting.<br>**<u>CMC</u>**:<br>1. Batch record for GMP manufacturing of QRX003.<br>2. Certificate of Analysis of the GMP lot of the study drug, with all QC tests consistent with FDA's comments provided at the Pre-IND meeting.<br>3. Batch record for the placebo lot, manufactured GMP.<br>4. Certificate of Analysis or the GMP lot of placebo. | |
| | | | | |
| **4.** | **Milestones** | | (i) Preparation and submission of pre-IND document<br>(ii) Receipt of FDA written response from Pre-IND meeting<br>(iii) Receipt of an FDA acceptance of IND submission | |
| | | | | |
| **5.** | **Deliverables** | | (i) Equity Agreement, if applicable<br>(ii) Pre-IND meeting package<br>(iii) IND Submission Package | |
| **6.** | **Ownership of materials** | | QUOIN will have title to all products and information developed as a result of work performed under the Agreements contemplated by this term sheet, whether before or after definitive agreements are executed, that relate to QUOIN's products in development or Confidential Information, unless otherwise agreed to in writing. Axella will assign and hereby does assign to QUOIN the rights to any patentable inventions discovered as a result of performing the Services for QUOIN. Axella will provide QUOIN with reasonable assistance to obtain such patents. | |

| | | | |
|---|---|---|---|
| | | | **Axella shall not, without the prior written consent of the Company, utilize the Confidential Information or any derivatives, continuations, additions, developments or improvements thereof** to any use and /or to compete, either directly or indirectly, with the business of the Company |
| **7.** | **Use of Subcontractors** | | · Axella may use of subcontractors to provide Services only with QUOIN's prior written consent, provided that, (i) Axella will be fully liable for the performance of such subcontractor and for compliance by such subcontractor with the terms of the applicable agreements with QUOIN, and (ii) the agreement between Axella and such subcontractor must be consistent with Axella's obligations to QUOIN.<br>· Axella will ensure that its agreement with any permitted subcontractor includes the assignment of any Inventions to QUOIN . Axella agrees not to make any use of any funds, space, personnel, facilities, equipment or other resources of a third party in performing Services, nor take any other action, that would result in a third party owning or having a right in the results of Services or Inventions.<br>· Axella has, and will engage, employees and permitted subcontractors and/or consultants ("Axella's Personnel") with the proper skill, training and experience to provide Services. Axella will be solely responsible for paying Axella's Personnel and providing any employee benefits that they are owed. Before providing Services, all Axella's Personnel must have agreed in writing to (i) confidentiality obligations consistent with the terms of the Agreement between Axella and QUOIN, and (ii) effectively vest in Axella any and all rights that such personnel might otherwise have in the results of their work. |
| **8.a.** | **Fees for Service** | | The fees for services being provided by Axella as contemplated in section 3 of this document are $[****] **for the Pre-IND scope (section 3.a) and** $[****] **for IND scope (section 3.c)**, for a combined total value of $[****]. <u>At Quoin's discretion these fees may be payable entirely in cash or in a 50:50 combination of cash and equity.</u> |
| **8.b** | **Calculation for Equity and Vesting Schedule if Payments are 50% Cash and 50% Equity** | | In the event that Quoin elects to pay for 50% of services in equity and 50% in cash, the parties mutually agree to set the valuation of QUOIN at USD$[****]. This will entitle Axella to a 0.21% equity position upon completion of the milestones set forth in section 4.<br><br>Upon completion of the following milestones Axella will receive cash and equity according to the following vesting schedule: |
| | | | |
| | | | **<u>Milestone</u>** \| **<u>Equity</u>** \| **<u>Cash</u>** |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | (i) | Preparation and submission of pre-IND document | 0.07% | $[****] |
| | | | (ii) | Receipt of FDA written response from Pre-IND meeting | 0.07% | $[****] |
| | | | (iii) | Receipt of an FDA decision letter on the IND submission | 0.07% | $[****] |
| | | | | **TOTAL** | **0.21%** | $[****] |
| | | | | | | |
| **8.b** | **Payment Schedule of All Cash Payment** | | In the event that Quoin elects to pay for services in 100% cash, the Service Fees will be reduced by 20% and payments will be due according to the following milestones: | | | |
| | | | | **Milestone** | | **Payment Due** |
| | | | (i) | Preparation and submission of pre-IND document | | $[****] |
| | | | (ii) | Receipt of FDA written response from Pre-IND meeting | | $[****] |
| | | | (iii) | Submission of FDA acceptance of IND Application | | $[****] |
| | | | | **TOTAL** | | $[****] |
| | | | | | | |
| **9.** | **Closing Date** | | It is anticipated that the closing of the Transaction shall take place on or about January 10, 2020. | | | |
| | | | | | | |
| **10.** | **Conditions to Closing:** | | The closing of the Transaction is subject to and contingent upon:<br><br>· the execution by the parties of definitive agreements, containing the provisions outlined above and certain representations, warranties, and other terms and conditions mutually acceptable to the parties and such other subscription-related documents as the Company reasonably requires (the "Definitive Agreements"). | | | |
| | | | | | | |
| **11.** | **Costs:** | | The Parties acknowledge and agree that each shall be responsible for its own expenses in connection with its individual assessment as to whether to proceed with the Transaction. | | | |
| | | | | | | |
| **12.** | **Expiration** | | This Term Sheet shall be effective as of the date of execution of this document and continue until ninety (90) days thereafter (the "Term Sheet Period") when it will expire unless extended. | | | |
| | | | | | | |
| **13.** | **Confidentiality** | | This Term Sheet and all information provided by QUOIN to Axella in connection with the agreements or work contemplated hereunder is | | | |

| | | | |
|---|---|---|---|
| | | | Confidential Information of QUOIN and is subject to the Confidential Disclosure and Non-Use Agreement between QUOIN and Axella. |
| | | | |
| **14.** | **Indemnity** | | Axella shall indemnify QUOIN from any claims by Axella's employees or third party claims arising out of Axella's negligent acts or intentional misconduct during the conduct of the Services. Axella will not be liable to indemnify QUOIN against any loss or expense resulting from any claim arising out of QUOIN's use or marketing of any substance or method which is the subject of the Services unless the same results from Axella's breach of the Definitive Agreements or negligence or willful misconduct. QUOIN shall indemnify Axella from any claim or expense arising out of QUOIN's use or marketing of any such substance or method unless the same results from Axella's breach of the Definitive Agreements or negligence or willful misconduct. |
| | | | |
| **15.** | **Assignment** | | Axella shall not be permitted to assign any of its rights and/or obligations as set under this agreement to any other party without QUOIN's prior written approval. |
| | | | |
| **16.** | **Counterparts** | | This Term Sheet may be executed in two or more counterparts, in facsimile or PDF format and each such counterpart executed shall for all purposes be deemed an original, and all counterparts together shall constitute but one and the same instrument. This Term Sheet shall be binding upon all signatories hereof who sign below. |
| | | | |
| **17.** | **Binding Law** | | This Term Sheet shall be governed by the laws of the State of New York. |
| | | | |
| **18.** | **No Third-Party Beneficiary** | | There are no third-party beneficiaries of this Term Sheet and no person or entity, other than the Parties hereto shall be entitled to enforce this Term Sheet. |
| | | | |
| **19.** | **Amendments** | | Any amendment or revision to this Term Sheet, the services outline must be proposed in writing by either party and accepted in writing by the other party before such amendment or revision shall become effective and binding. |

Please sign and date this Term Sheet in the space provided below.

| | |
|---|---|
| **AXELLA RESEARCH, LLC** | **QUOIN PHARMACEUTICALS** |
| By: /s/ Avi Kamelhar | By: |
| Name: Avi Kamelhar<br>Title: CEO<br>Date: January 11, 2020 | Name:<br>Title:<br>Date: January 11, 2020 |

**Exhibit 4.42**

**THE SYMBOL "[****]" DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL, AND (ii) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL**

**Term Sheet for Agreement**

**between**

**AXELLA RESEARCH, LLC**

**and**

**QUOIN PHARMACEUTICALS**

**QRX004 FOR EPIDERMOLYSIS BULLOSA**

This Term Sheet (the "Term Sheet") sets forth the understanding of the mutual intentions of Axella Research, LLC ("Axella") and Quoin Pharmaceuticals ("QUOIN") regarding a proposed transaction (the "Transaction") whereby Axella will provide **(i)** regulatory consulting, **(ii)** pre-clinical and clinical consulting. In accordance with supplying the services described below Axella would receive 50% cash payment and the other 50% in cash or equity in QUOIN in the form of stocks or shares, or 100% in cash payment, at Quoin's sole discretion subject to the terms defined below.

| | | | |
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| **1.** | **Structure of Transaction** | | 1. The Transaction shall be structured as a Services Agreement pursuant to which Axella would be granted an all cash payment or a combination of 50% cash and 50% equity in QUOIN, in exchange for the deliverables in accordance with the terms generally as described below.<br>2. Additionally, in consideration for Axella accepting in kind compensation for the services rendered, Quoin will grant Axella first right of refusal to match the winning proposal from an alternate CRO for providing future CRO services for subsequent steps in obtaining FDA approval for its pipeline of products provided that Axella has the proven capability to perform such services itself. |
| | | | |
| **2.** | **Compliance with Government Regulations** | | <u>Government Regulations</u><br>• Axella will perform all its services, work and studies in accordance with applicable law and government regulation and customary industry practices. Axella will comply with all laws |

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| | | | | applicable to the care and use of experimental materials, conditions and in any case needed shall provide humane care and treatment in accordance with the most acceptable current practices.<br><br><u>Visits by Government Agencies</u><br>· Axella shall notify QUOIN of any request from any government agency or any other third party to inspect or otherwise gain access to the information, data, or materials pertaining to the Services performed by Axella. Axella agrees to permit inspection of such information, data, or materials by authorized representatives of government agencies as required by law and to allow QUOIN to be present at any such inspection. |
| | | | | |
| **3.a** | **Pre-IND Scope of Work provided by Axella** | | 1 | Work with Quoin and gather relevant information/data/document, and organize information/data/document from Quoin. Work with Quoin to review, revise, update, and/or write up report on documents/information/data needed for Pre-IND package of QRX004, such as but not limited to those listed below: |
| | | | | · Company information, including contact and address |
| | | | | · Product information, including composition and formulation |
| | | | | · manufacturing of product |
| | | | | · preclinical studies, including study reports |
| | | | 2 | Draft, revise according to comments from Quoin, and finalize the clinical protocol. |
| | | | 3 | Interact, and communicate with FDA to request a Pre-IND Sub meeting with FDA |
| | | | 4 | Assemble and write up the Pre-IND document, in FDA required format |
| | | | 5 | E-submission of meeting package to FDA at least 30 day prior to the FDA meeting |
| | | | 5 | Coordinate with FDA, and organize a Pre-IND meeting with FDA |
| | | | 6 | Pre-IND meeting with FDA, such as but not limited to those listed below: |
| | | | | · prepare for, attend, and moderate the meeting |
| | | | | · Record key information during the meeting |
| | | | | · follow up on key issues, via written communication with FDA |
| | | | | · obtain written response from FDA on the outcome of the Pre-IND meeting |
| | | | | |

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| **3.b** | **Pre-IND Information provided by QUOIN** | | Quoin is to provide the following information/documents:<br>**<u>Clinical:</u>**<br>1. Specific information on the assay on skin biopsy samples.<br>Preclinical:<br>1. Toxicology data, preferably in the form of study reports.<br>**<u>CMC:</u>**<br>1. Batch record for GMP manufacturing of QRX004.<br>2. Batch record for the placebo lot, manufactured GMP. (Preferred). | |
| **3.c** | **IND Scope of Work provided by Axella** | | 1 | Work with Quoin to gather and organize relevant information/data/document from Quoin, based on FDA comments provided from the pre-IND meeting. Work with Quoin to obtain, review, revise, update, and/or write up report on documents/information/data needed for IND filing. |
| | | | 2 | Revise or rewrite IND according to FDA comments from the Pre-IND meeting, and finalize the clinical protocol. |
| | | | 3 | Assemble and write up the IND document, in FDA required format. |
| | | | 4 | E-submit IND document to FDA. |
| | | | 5 | Promptly address questions from the FDA during the 30-day review period, and e-submit all responses to the FDA, so that IND can be activated within 30 days upon FDA receipt of IND. |
| | | | 6 | Follow up with FDA to obtain the "Study May Proceed" letter to indicate IND activation. |
| **3.d** | **IND Information provided by QUOIN** | | Quoin is to provide the following information/documents, unless they are provided during Pre-IND meeting preparation:<br>**<u>Clinical</u>**:<br>1. Specific information on the assay on skin biopsy samples.<br>2. Study report from assay validation studies of assay human biological samples.<br>**<u>Preclinical</u>**:<br>1. Toxicology data, preferably in the form of study reports.<br>2. Study reports of all studies requested by the FDA at the Pre-IND meeting.<br>**<u>CMC</u>**:<br>1. Batch record for GMP manufacturing of QRX004.<br>2. Certificate of Analysis of the GMP lot of the study drug, with all QC tests consistent with FDA's comments provided at the Pre-IND meeting.<br>3. Batch record for the placebo lot, manufactured GMP.<br>4. Certificate of Analysis or the GMP lot of placebo. | |
| | | | | |
| **4.** | **Milestones** | | (i) Preparation and submission of pre-IND document<br>(ii) Receipt of FDA written response from Pre-IND meeting | |

| | | | |
|---|---|---|---|
| | | | (iii) Receipt of an FDA acceptance of IND submission |
| | | | |
| **5.** | **Deliverables** | | (i) Equity Agreement, if applicable<br>(ii) Pre-IND meeting package<br>(iii) IND Submission Package |
| | | | |
| **6.** | **Ownership of materials** | | QUOIN will have title to all products and information developed as a result of work performed under the Agreements contemplated by this term sheet, whether before or after definitive agreements are executed, that relate to QUOIN's products in development or Confidential Information, unless otherwise agreed to in writing. Axella will assign and hereby does assign to QUOIN the rights to any patentable inventions discovered as a result of performing the Services for QUOIN. Axella will provide QUOIN with reasonable assistance to obtain such patents.<br>**Axella shall not, without the prior written consent of the Company, utilize the Confidential Information or any derivatives, continuations, additions, developments or improvements thereof** to any use and /or to compete, either directly or indirectly, with the business of the Company |
| **7.** | **Use of Subcontractors** | | · Axella may use of subcontractors to provide Services only with QUOIN's prior written consent, provided that, (i) Axella will be fully liable for the performance of such subcontractor and for compliance by such subcontractor with the terms of the applicable agreements with QUOIN, and (ii) the agreement between Axella and such subcontractor must be consistent with Axella's obligations to QUOIN.<br>· Axella will ensure that its agreement with any permitted subcontractor includes the assignment of any Inventions to QUOIN . Axella agrees not to make any use of any funds, space, personnel, facilities, equipment or other resources of a third party in performing Services, nor take any other action, that would result in a third party owning or having a right in the results of Services or Inventions.<br>· Axella has, and will engage, employees and permitted subcontractors and/or consultants ("Axella's Personnel") with the proper skill, training and experience to provide Services. Axella will be solely responsible for paying Axella's Personnel and providing any employee benefits that they are owed. Before providing Services, all Axella's Personnel must have agreed in writing to (i) confidentiality obligations consistent with the terms of the Agreement between Axella and QUOIN, and (ii) effectively vest in Axella any and all rights that such personnel might otherwise have in the results of their work. |

<table>
<tr><td>8.a.</td><td>Fees for Service</td><td></td><td>The fees for services being provided by Axella as contemplated in section 3 of this document are $[****] for the Pre-IND scope (section 3.a) and $[****] for IND scope (section 3.c)</b>, for a combined total value of <b>$[****]. <u>At Quoin’s discretion these fees may be payable entirely in cash or in a 50:50 combination of cash and equity.</u></td></tr>
<tr><td>8.b</td><td>Calculation for Equity and Vesting Schedule if Payments are 50% Cash and 50% Equity</td><td></td><td>In the event that Quoin elects to pay for 50% of services in equity and 50% in cash, the parties mutually agree to set the valuation of QUOIN at USD$[****]. This will entitle Axella to a 0.25% equity position upon completion of the milestones set forth in section 4.<br><br>Upon completion of the following milestones Axella will receive cash and equity according to the following vesting schedule:
<table>
<tr><td></td><td><u>Milestone</u></td><td><u>Equity</u></td><td><u>Cash</u></td></tr>
<tr><td>(i)</td><td>Preparation and submission of pre-IND document</td><td>0.083%</td><td>$[****]</td></tr>
<tr><td>(ii)</td><td>Receipt of FDA written response from Pre-IND meeting</td><td>0.083%</td><td>$[****]</td></tr>
<tr><td>(iii)</td><td>Receipt of an FDA decision letter on the IND submission</td><td>0.084%</td><td>$[****]</td></tr>
<tr><td></td><td>TOTAL</td><td>0.25%</td><td>$[****]</td></tr>
</table></td></tr>
<tr><td>8.b</td><td>Payment Schedule of All Cash Payment</td><td></td><td>In the event that Quoin elects to pay for services in 100% cash payments, the Fees for Service will be reduced by 20% and will be due according to the following milestones:
<table>
<tr><td></td><td><u>Milestone</u></td><td><u>Payment Due</u></td></tr>
<tr><td>(i)</td><td>Preparation and submission of pre-IND document</td><td>$[****]</td></tr>
<tr><td>(ii)</td><td>Receipt of FDA written response from Pre-IND meeting</td><td>$[****]</td></tr>
<tr><td>(iii)</td><td>Submission of FDA acceptance of IND Application</td><td>$[****]</td></tr>
<tr><td></td><td>TOTAL</td><td>$[****]</td></tr>
</table></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td>9.</td><td>Closing Date</td><td></td><td>It is anticipated that the closing of the Transaction shall take place on or about January 10, 2020.</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
</table>

| | | | |
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| **10.** | **Conditions to Closing:** | | The closing of the Transaction is subject to and contingent upon:<br><br>· the execution by the parties of definitive agreements, containing the provisions outlined above and certain representations, warranties, and other terms and conditions mutually acceptable to the parties and such other subscription-related documents as the Company reasonably requires (the "Definitive Agreements"). |
| | | | |
| **11.** | **Costs:** | | The Parties acknowledge and agree that each shall be responsible for its own expenses in connection with its individual assessment as to whether to proceed with the Transaction. |
| | | | |
| **12.** | **Expiration** | | This Term Sheet shall be effective as of the date of execution of this document and continue until ninety (90) days thereafter (the "Term Sheet Period") when it will expire unless extended. |
| | | | |
| **13.** | **Confidentiality** | | This Term Sheet and all information provided by QUOIN to Axella in connection with the agreements or work contemplated hereunder is Confidential Information of QUOIN and is subject to the Confidential Disclosure and Non-Use Agreement between QUOIN and Axella. |
| | | | |
| **14.** | **Indemnity** | | Axella shall indemnify QUOIN from any claims by Axella's employees or third party claims arising out of Axella's negligent acts or intentional misconduct during the conduct of the Services. Axella will not be liable to indemnify QUOIN against any loss or expense resulting from any claim arising out of QUOIN's use or marketing of any substance or method which is the subject of the Services unless the same results from Axella's breach of the Definitive Agreements or negligence or willful misconduct. QUOIN shall indemnify Axella from any claim or expense arising out of QUOIN's use or marketing of any such substance or method unless the same results from Axella's breach of the Definitive Agreements or negligence or willful misconduct. |
| | | | |
| **15.** | **Assignment** | | Axella shall not be permitted to assign any of its rights and/or obligations as set under this agreement to any other party without QUOIN's prior written approval. |
| | | | |
| **16.** | **Counterparts** | | This Term Sheet may be executed in two or more counterparts, in facsimile or PDF format and each such counterpart executed shall for all purposes be deemed an original, and all counterparts together shall constitute but one and the same instrument. This Term Sheet shall be binding upon all signatories hereof who sign below. |

| | | | |
|---|---|---|---|
| **17.** | **Binding Law** | | This Term Sheet shall be governed by the laws of the State of New York. |
| | | | |
| **18.** | **No Third-Party Beneficiary** | | There are no third-party beneficiaries of this Term Sheet and no person or entity, other than the Parties hereto shall be entitled to enforce this Term Sheet. |
| | | | |
| **19.** | **Amendments** | | Any amendment or revision to this Term Sheet, the services outline must be proposed in writing by either party and accepted in writing by the other party before such amendment or revision shall become effective and binding. |

Please sign and date this Term Sheet in the space provided below.

**AXELLA RESEARCH, LLC**

By: /s/ Avi Kamelhar

Name: Avi Kamelhar
Title: CEO
Date: January 11, 2020

**QUOIN PHARMACEUTICALS**

By:

Name:
Title:
Date: January 11, 2020

**Exhibit 8.1**

**Subsidiaries of Quoin Pharmaceuticals Ltd.**

The following table sets forth the name and jurisdiction of incorporation of our significant subsidiary as of the date hereof.

| Name of Subsidiary | Jurisdiction of Incorporation |
|---|---|
| Quoin Pharmaceuticals, Inc. | Delaware |
| Polytherapuetics, Inc.* | New Jersey |

* This entity's affairs were wound up in 2018, and, since that time, it has not had any assets, liabilities, or business operations. This entity is being dissolved.

**EXHIBIT 11.1**

**Quoin Pharmaceuticals Ltd.**

**Code of Business Conduct and Ethics**

**Adopted as of October 28, 2021**

## 1. Introduction

Ethics are important to Quoin Pharmaceuticals Ltd. (together with its subsidiaries, "Quoin") and its directors, officers and employees (each an" Associate"). Quoin is committed to the highest ethical standards and to conducting its business with the highest level of integrity.

The Quoin Code of Business Conduct and Ethics (the "Code") has four primary functions:

- To establish and clearly communicate our standards of business conduct, our ethical principles and our expectations;
- To ensure that business policies and practices continue to be aligned with those standards and principles;
- To establish responsibility for monitoring compliance;
- To set forth the manner in which perceived violations of ethical principles are to be reported.

The Code applies to all Associates.

## 2. Ethics

Quoin is committed to the ideals of uncompromising honesty and integrity. All Quoin Associates are expected to adhere to the highest standards of ethics; to be honest and ethical in dealing with each other, with shareholders and with customers, vendors and all other third parties.

All Quoin Associates must respect the rights of fellow Associates and third parties. All actions must be free from discrimination, libel, slander or harassment.

Each person must be accorded equal opportunity, regardless of age, race, sex, sexual preference, color, creed, religion, national origin, marital status, veteran's status, handicap or disability.

Misconduct (any violation of this Code) will be addressed as it is identified with appropriate disciplinary action. Misconduct cannot be excused because it was directed or requested by another.

All Quoin Associates are expected to alert management whenever an unethical, dishonest or illegal act is discovered or suspected, as further provided for in this Policy.

The following areas frequently give rise to ethical concerns. A violation of the standards contained in this Code will result in corrective action, including possible dismissal.

Should any Quoin Associate have any questions concerning this Policy, please direct them to the Chief Financial Officer of Quoin (the "CFO").

The CFO may consult outside counsel with respect to any issue relating to this Policy.

## 3. Conflicts of Interest

Conflicts of interest arise whenever actions are based on interests other than those of Quoin.

All Quoin Associates must avoid any personal activity, investment or association that may interfere with using good judgment concerning Quoin's best interests.

No Quoin Associate may not exploit his or her position or relationship with Quoin for personal gain.

All Quoin Associates should avoid even the appearance of such a conflict. For example, a conflict of interest may arise if:

- An Associate causes Quoin to engage in business transactions with relatives or friends;
- An Associate uses information of Quoin, a customer or supplier for your own personal gain, or the personal gain of relatives or friends;
- An Associate have a financial interest in Quoin's customers, suppliers or competitors;
- An Associate receives a loan or guarantee of obligations, from Quoin or from a third party, as a result of his position at Quoin; or
- An Associate competes, or prepares to compete, with Quoin while still employed by it.

Employees who are involved in or are aware of a transaction involving any of the relationships described above, must report the transaction to the CFO. Directors and officers shall report such transactions to the Chairman of Quoin's Audit Committee. All transactions between Quoin and any employee or member of the Associate's immediate family, or any entity in which such employee or a member of his or her immediate family has a significant financial interest, must be approved by the CFO. Transactions described in the previous sentence between Quoin and any director or officer or member of such person's immediate family, or any entity in which such person or member of his or her immediate family has a significant financial interest, must be approved by the Board of Directors.

There may be other situations in which a conflict of interest may arise. If an Associate has any questions or concerns about any situation, he or she should follow the guidance outlined in the section below on Reporting Ethical Violations.

**4. Public Reporting of Financial and Non-financial Information**

Quoin is a publicly traded company in the U.S. and thus, subject to the Securities Act of 1933, the Securities Exchange Act of 1934 and numerous other laws, rules and regulations promulgated thereunder (the "Securities Laws"). The U.S. Securities and Exchange Commission (the "SEC") requires companies to maintain disclosure controls and procedures designed to ensure that information required by the Securities Laws to be disclosed by publicly held companies is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. It is, therefore, imperative that all disclosures contained in Quoin's public filings and other public communications are full, fair, accurate, timely and understandable.

Every Associate who participates in the information gathering process for Quoin's public filings and other public communications is responsible for the timeliness and accuracy of the information contained therein. Those persons having responsibility for particular areas of Quoin's periodic reports such as the Form 20-F and the Form 6-K (if any) must report to the Board on an ongoing basis the following matters which come to their attention:

- Deviations from or changes to the current public information available for Quoin;

- Changes in risks, or new risks, to Quoin as they are identified; and changes that may affect Quoin's financial results.

- Quoin may establish a separate Disclosure Policy that may provide who may communicate information to the press and the financial analyst community

All Quoin Associates should review Quoin's Disclosure Policy and discuss all questions that they may have with the CFO.

Our employees who work in the Financial Department hold an important and elevated role in corporate governance. They are empowered to ensure that shareholder interests are appropriately balanced, protected and preserved. Accordingly, all financial managers are expected to uphold the following standards:

- To provide information that is accurate, complete, objective, relevant, timely and understandable;
- To comply with laws, rules and regulations of federal, state, provincial and local governments, and appropriate regulatory agencies;
- To act in good faith, responsibly, with due care, competence and diligence, without misrepresenting facts or allowing their independent judgment to be subordinated;
- To respect the confidentiality of information acquired in connection with their activities for Quoin, except when authorized or otherwise legally obligated to disclose;
- To share knowledge and to maintain skills needed to perform their jobs;
- To proactively promote ethical behavior as a responsible partner among peers in the workplace and community; and
- To achieve responsible use of and control over all assets and resources employed by or entrusted to them.

Compliance with all governmental laws, rules and regulations applicable to Quoin is mandatory and any violations thereof are considered violations of this Code. Mistakes should never be covered up, but should be immediately fully disclosed and corrected, if possible.

All Quoin Associates that have any questions about their duties with regard to public reporting, should ask the CFO.

**5. Bribes and Kickbacks**

A kickback or bribe includes any item intended to improperly obtain favorable treatment. Other than for modest gifts given or received in the normal course of business (e.g., coffee mugs, pens and other logoed promotional materials or business lunches), neither you nor your relatives may give gifts to, or receive gifts from, Quoin's customers and suppliers. Other gifts may be given or accepted only with prior approval of the CFO. In no event should you put Quoin or yourself in a position that would be uncomfortable if knowledge of the gift was made public. Dealing with government employees is often different than dealing with private persons. Many governmental bodies strictly prohibit the receipt of any gratuities by their employees, including meals and entertainment. All Quoin associates must be aware of and strictly follow these prohibitions.

**6. Conducting Business Outside of the United States and the Foreign Corrupt Practices Act**

Quoin has an international presence and thus, certain Associates or other affiliates of the company may find it necessary to interact with foreign governments or officials in the furtherance of Quoin's business activities. In any dealings with foreign officials, candidates, or political parties, Quoin and its Associates, consultants, agents, subsidiaries, distributors, resellers and representatives, must comply with the following policy.

Generally, Quoin policies, the U.S. Foreign Corrupt Practices Act ("FCPA"), and applicable foreign laws prohibit payments to, and business relationships with, government officials ("government officials" may include employees of entities that are state owned, in whole or part, public international organizations and political parties or political candidates) that could be construed as bribes or attempts to influence government behavior.

All Quoin Associates may not give, offer, promise, or authorize direct or indirect payments to foreign officials for the purpose of obtaining or retaining business for Quoin. Payments include money, gifts, or anything of value, and need not actually be delivered, but merely have been intended for a corrupt purpose, to violate the FCPA.

It is therefore illegal and against Quoin policy for any Associate or other Quoin representative to offer or give anything of value that is intended to:

- influence any act or decision of a foreign official in his or her official capacity;
- induce the official violate a lawful duty of his position or to use his influence improperly; or
- obtain an improper advantage for Quoin.

Quoin and individuals may face significant civil and criminal punishment in both the United States and in other countries, including imprisonment, for violating the FCPA and local laws.

Acknowledging that in certain foreign localities, payments to local government officials may be customary to expedite processes such as the granting of a business license or similarly routine governmental action, the FCPA contains a narrow exception for such payments.

In every case, prior to making, promising, or offering any such payment, any Associate or affiliate of Quoin must consult with the CFO should uncertainties arise. Furthermore, if it is determined that a payment meets this narrow exception, it must be recorded accurately by the accounting department, as it is an independent violation of the FCPA to mischaracterize any such payment in the financial records. Both the consultation with the CFO and the accounting treatment of the payment must be documented in writing.

**7. Quality and Regulatory Compliance**

Quoin is subject to numerous international, federal and state laws concerning the design, clinical development, manufacture, distribution and promotion of its products. The Federal Food, Drug, and Cosmetic Act (the "FDC Act") is the primary regulatory statute governing Quoin's activities. The FDC Act is implemented by the U.S. Food and Drug Administration (the "FDA") through the promulgation of regulations and by the issuance of guidelines and other informal notices regarding compliance requirements.

FDA regulations applicable to medical devices, biologics and pharmaceuticals encompass a wide variety of activities including: product clearance; labeling, advertising, and promotion; reporting requirements; establishment registration and product listing; current good manufacturing practices; and preclinical studies and clinical studies. Other federal agencies also have applicable laws, regulations and guidelines, as do individual state governments.

Quoin has established policies and procedures to ensure that our activities are conducted in compliance with the federal and state laws and regulations pertaining to FDA-regulated products. In addition to legal compliance, Quoin Associates are required to maintain the highest ethical and scientific standards in researching and developing Quoin's products.

Associates are further required to be scrupulously accurate in data submitted to FDA, publications, or any other party. You will adhere to all standards and procedures necessary to ensure rigorous scientific inquiry and will interact with federal and state agencies in a forthright manner designed to ensure the safe and effective use of its products. Additionally, in accordance with Quoin's objective, Associates are required to manufacture Quoin's products in a manner designed to ensure their safety, integrity, and suitability for patients, and to market and sell its products in an honest and balanced manner that provides health professionals with the information necessary to use its products appropriately.

Clinical studies will be conducted in such a fashion as to safeguard the welfare of subjects and ensure the scientific integrity of the research.

Associates will maintain accurate and complete records of all data related to FDA-regulated products in order to comply with FDA regulations. This work includes research and development, preclinical and clinical studies, manufacturing, marketing, quality control and quality assurance, regulatory and other activities as determined by our Chief Executive Officer ("CEO").

As part of Quoin's quality system, Associates are required to maintain reliable documentation. The accuracy of data in our records, including full disclosure, lack of material omission, and integrity of the data is your priority.

Any Associate who alters or falsifies data, destroys or fails to maintain product related data, or omits data from records that are needed to provide full information regarding a commercial or development stage product is acting in violation of this Code.

In case of any questions related to quality and regulatory compliance, you should consult with your supervisor, or the head of Quality/Regulatory departments.

**8. Improper Use or Theft of Quoin Property**

Every Associate must safeguard Quoin property from loss or theft, and may not take such property for personal use. Quoin property includes such items as biological materials, chemicals, laboratory equipment and machinery, inventory, vehicles, software, computers, office equipment, and supplies as well as confidential information such as non-public personal information about customers, customer lists, and proprietary product information, to name a few.

You must appropriately secure all Quoin property within your control to prevent its unauthorized use.

**9. Fair Dealing**

No Quoin Associate should take unfair advantage of anyone through manipulation, abuse of privileged information, misrepresentation of facts, or any other unfair-dealing practice.

**10. Fair Competition and Antitrust Laws**

Quoin must comply with all applicable fair competition and antitrust laws. These laws attempt to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition. If you are uncertain whether a contemplated action raises unfair competition or antitrust issues, you should raise the issue with the CFO.

**11. Insider Trading**

If an Associate has material non-public information relating to Quoin, it is our policy that neither that person (nor any of his/her relatives) may buy or sell any Quoin securities or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to information relating to any other company, including our customers, partners or suppliers, obtained in the course of

employment. Officers, directors and employees should carefully review and comply with Quoin's separate Insider Trading Policy, if and when such policy is adopted. Questions regarding insider trading should be addressed to the CFO.

**12. Waivers and Amendments of the Code**

Any waiver of any provision of this Code for any of our directors or executive officers, or any amendment of this Code, must be approved in writing by our Audit Committee (or Board of Directors is an Audit Committee has not been formed) and must be disclosed to shareholders and to others, along with the reasons for such waiver, as required by applicable laws and regulations in the manner or manners required thereby. Any waiver of any provision of this Code with respect any other Associate must be approved in writing by our CFO. Waivers will be granted only as permitted by law and in extraordinary circumstances.

**13. Reporting Ethical Violations**

Your conduct can reinforce an ethical atmosphere and provide influence on the conduct of fellow Associates. Associates are empowered by the Code to act in situations where they have the authority or feel comfortable enough to stop unethical behavior.

If the unethical behavior is prevented by the actions taken by an Quoin Associate, then no report is necessary. However, in case that an Quoin Associate was aware of any violations of this Code and feels powerless to stop them, he or she must report them to the CFO, his or her direct supervisor or the Chief Executive Officer of the company.

If an Quoin Associate is still concerned after speaking with Quoin officers or feel uncomfortable speaking with them (for whatever reason), he or she may contact the Chairman of Quoin's Audit Committee by phone (844)-722-0576 or via Web portal URL: https://www.whistleblowerservices.com/QNRX and/or the Chairman of Board of Directors at the following address: 42127 Pleasant Forest Court, Ashburn, VA 20148.

The addressing can be done anonymously and should include copies of relevant documents.

Quoin's policy prohibits discrimination, harassment and retaliation against any Associate who in good faith provides any information or otherwise assists in any investigation or proceeding regarding any potential violation of this Policy.

**14. Accountability for Adherence to the Code**

The CFO shall report to the Audit Committee on all material issues relating to this Policy. The Audit Committee enforces this Code by evaluating all alleged violations of this Code after all of the pertinent information has been gathered and appropriate action will be determined with the involvement of counsel.

If an alleged violation of this Code has been reported to it, the Audit Committee shall determine whether that violation has occurred and, if so, shall determine the disciplinary measures to be taken against any Associate who has violated this Code. The disciplinary measures, which may be invoked at the discretion of the Audit Committee, include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, termination of employment or other relationship with us and restitution.

Quoin is committed to upholding this Code and is supporting all Associates who aid in this endeavor.

Quoin will not tolerate any form of retaliation for reporting suspected violations of this Code.

| Employee Name | Signature | Date |
| --- | --- | --- |

**Exhibit 12.1**

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)**

I, Dr. Michael Myers, certify that:

1. I have reviewed this Annual Report on Form 20-F of Quoin Pharmaceuticals Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 13, 2022

/s/ Dr. Michael Myers
Dr. Michael Myers
Chief Executive Officer

**Exhibit 12.2**

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)**

I, Gordon Dunn, certify that:

1. I have reviewed this Annual Report on Form 20-F of Quoin Pharmaceuticals Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 13, 2022

/s/ Gordon Dunn
Gordon Dunn
Chief Financial Officer

**Exhibit 13.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. Section 1350**

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2021 (the "Report") by Quoin Pharmaceuticals Ltd. (the "Company"), the undersigned, as Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 13, 2022

/s/ Dr. Michael Myers
Name: Dr. Michael Myers
Title: Chief Executive Officer

**Exhibit 13.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. Section 1350**

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2021 (the "Report") by Quoin Pharmaceuticals Ltd. (the "Company"), the undersigned, as Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 13, 2022

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

**Exhibit 15.1**

FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in Registration Statements on Form S-8 (Registration Nos. 333-214817, 333-220015, 333-225003 and 333-232230) and on Form F-3 (Registration Nos. 333-219614 and 333-229083) of Quoin Pharmaceuticals Ltd. of our report dated April 13, 2022 relating to the consolidated financial statements of Quoin Pharmaceuticals Ltd. for the year ended December 31, 2021 included in this Annual Report on Form 20-F for the year ended December 31, 2021.

*/s/ Friedman LLP*

East Hanover, New Jersey
April 13, 2022

**Exhibit 16.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have read Quoin Pharmaceuticals Ltd. statements included under Item 16F(a) of Form 20-F dated April 13, 2022 and agree with such statements concerning our firm. We have no basis to agree or disagree with other statements of the registrant contained therein.

/s/ Brightman Almagor Zohar & Co.

**Brightman Almagor Zohar & Co.**
**Certified Public Accountants**
**A Firm in the Deloitte Global Network**

**Tel Aviv, Israel**
**April 13, 2022**