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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 1, 2025**

PELTHOS THERAPEUTICS INC.
(Exact name of registrant as specified in its charter)

Nevada	**001-41964**	**86-3335449**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4020 Stirrup Creek Drive, Suite 110 Durham, NC	**27703**
(Address of registrant's principal executive office)	(Zip code)

Registrant's telephone number, including area code: **(877) 265-8266**

Channel Therapeutics Corporation
4400 Route 9 South, Suite 1000
Freehold, NJ 07728
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.0001 per share	PTHS	The NYSE American LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

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

EXPLANATORY NOTE

The Merger

On July 1, 2025 (the "**Closing Date**"), Pelthos Therapeutics Inc., a Nevada corporation (formerly known as "Channel Therapeutics Corporation" (the "**Company**")), consummated the previously announced merger transaction contemplated by that certain Agreement and Plan of Merger, dated as of April 16, 2025 (the "**Merger Agreement**"), by and among the Company, CHRO Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("**Merger Sub**"), LNHC, Inc., a Delaware corporation ("**LNHC**"), and solely for the purposes of Article III thereof, a Ligand Pharmaceuticals Incorporated, a Delaware corporation and the parent of LNHC ("**Ligand**"). Pursuant to the Merger Agreement, (i) Merger Sub merged with and into LNHC, with LNHC as the surviving company in the merger and, after giving effect to such merger, continuing as a wholly-owned subsidiary of the Company (the "**Merger**") and (ii) the Company's name was changed from Channel Therapeutics Corporation to Pelthos Therapeutics Inc.

The disclosures below contain references to the definitive information statement, dated May 27, 2025 (the "**Information Statement**") with respect to the Merger and the transactions contemplated by the Merger Agreement, which was filed by the Company with the U.S. Securities and Exchange Commission (the "**SEC**") on May 27, 2025.

On July 1, 2025, the Company effected a one-for-ten reverse stock split (the "**Reverse Stock Split**") of all of the Company's outstanding shares of common stock, par value $0.0001 per share (the "**Common Stock**"). Unless specifically provided otherwise herein, share numbers and prices below and used elsewhere assume the effectiveness of the Reverse Stock Split.

Item 1.01. Entry into a Material Definitive Agreement.

PIPE Financing (Private Placement) and Conversions of Series A Preferred Stock

Concurrently with the execution of the Merger Agreement, the Company entered into a securities purchase agreement (the "**Securities Purchase Agreement**") with LNHC and certain investors, which includes Ligand (collectively, the "**PIPE Investors**"), pursuant to which, among other things, on the Closing Date and immediately prior to the consummation of the Merger, the PIPE Investors purchased (either for cash or in exchange for the conversion of principal and interest payable under an outstanding convertible note issued by the Company), and the Company issued and sold to the PIPE Investors, an aggregate of 50,100 shares of the Company's Series A Convertible Preferred Stock, par value $0.0001 per share (the "**Series A Preferred Stock**") at a price per share equal to $1,000 (such transaction, the "**PIPE Financing**"). The gross proceeds from the PIPE Financing were approximately $50.1 million, consisting of approximately $50.0 million in cash and the conversion of approximately $0.1 million of principal and interest payable under an outstanding convertible note issued by the Company, before paying estimated expenses. The Securities Purchase Agreement contained customary representations and warranties of the Company and LNHC, on the one hand, and the PIPE Investors, on the other hand, and customary conditions to closing.

On July 1, 2025, the Company, LNHC and the PIPE Investors entered into Amendment No. 1 to Securities Purchase Agreement, pursuant to which, the Company, LNHC and the PIPE Investors consented to the inclusion of two additional PIPE Investors in the PIPE Financing and a corresponding decrease in the amount of certain PIPE Investors' investments in the PIPE Financing such that the aggregate amount of the PIPE Financing would remain unchanged (the "**Securities Purchase Agreement Amendment**").

Each share of Series A Preferred Stock is convertible at any time at the holder's option into a number of shares of Common Stock, par value $0.0001 per share equal to (i) $1,000, subject to adjustment, plus any all declared and unpaid dividends thereon as of such date of determination, plus any other amounts owed to such holder pursuant to the Certificate of Designations of Rights and Preferences of Series A Convertible Preferred Stock (the "**Certificate of Designations**"), divided by (ii) $1 (adjusted to $10 as a result of the ten-for-one Reverse Stock Split), subject to adjustments.

In general, a holder of shares of Series A Preferred Stock may not convert any portion of Series A Preferred Stock if the holder, together with its affiliates, would beneficially own more than 49.9% in the case of Ligand or 4.99%, in the case of the other PIPE Investors (the "**Maximum Percentage**"), of the number of shares of the Company's Common Stock outstanding immediately after giving effect to such exercise, provided, however, that a holder may increase or decrease the Maximum Percentage by giving 61 days' notice to the Company, but not to any percentage in excess of 9.99%.

The shares of Series A Preferred Stock to be issued and sold to the PIPE Investors were not registered under the Securities Act of 1933, as amended (the "**Securities Act**"), and were issued and sold in reliance on the exemption from registration requirements thereof provided by Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering.

The closing of the PIPE Financing occurred on July 1, 2025, immediately prior to the consummation of the Merger.

On July 1, 2025, certain PIPE Investors entered into Series A Convertible Preferred Stockholder Side Letters (each, a "**Side Letter**") with the Company, pursuant to which, immediately after the closing of the PIPE Financing on July 1, 2025, the PIPE Investors converted 23,810 shares of Series A Preferred Stock not exceeding such PIPE Investors' Maximum Percentage into an aggregate of 2,381,000 shares of the Company's Common Stock (after giving effect to the Reverse Stock Split), by providing the Company with a completed and signed Conversion Notice under the Certificate of Designation.

The foregoing descriptions of the Securities Purchase Agreement, the Securities Purchase Agreement Amendment, the Certificate of Designations and the Side Letter are not complete and are subject to and qualified in their entirety by reference to the Securities Purchase Agreement, the Securities Purchase Agreement Amendment, the Certificate of Designations and the Form of Side Letter, copies of which are filed as Exhibits 10.5, 10.6, 3.3 and 10.7, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Registration Rights Agreement

On the Closing Date and in connection with the Merger, the Company and the PIPE Investors entered into a registration rights agreement (the "**Registration Rights Agreement**") pursuant to which the PIPE Investors are entitled to certain resale registration rights with respect to shares of the Company's Common Stock issuable upon conversion of the Series A Preferred Stock issued to the PIPE Investors. Pursuant to the Registration Rights Agreement, the Company is required to prepare and file a resale registration statement with the SEC on or prior to the later of (i) 30 calendar days following the closing of the PIPE Financing and (ii) fifteen (15) calendar days after the Company's next periodic report required pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The Company is obligated to use reasonable best efforts to cause this registration statement to be declared effective by the SEC within 120 calendar days following the closing of the PIPE Financing (or within 150 calendar days following the closing of the PIPE Financing if the SEC reviews the registration statement).

The Company will, among other things, indemnify the PIPE Investors, their directors, officers, shareholders, members, partners, employees, agents, advisors and representatives of the foregoing and each person who controls the PIPE Investors (a) under the registration statement, including from certain liabilities and fees and expenses (excluding underwriting discounts and selling commissions and all legal fees and expenses of legal counsel for any selling holder) and (b) under the Securities Purchase Agreement, including with respect to breaches of the Company's representations, warranties, and covenants under the Securities Purchase Agreement.

The foregoing description of the Registration Rights Agreement is not complete and is subject to and qualified in its entirety by reference to the Registration Rights Agreement, a copy of which is filed as Exhibit 10.8 to this Current Report on Form 8-K and is incorporated by reference herein.

Contribution Agreement and IP Assignment and Assumption Agreement

On July 1, 2025 (the "**Contribution Date**"), the Company entered into a Contribution Agreement (the "**Contribution Agreement**") with Channel Pharmaceutical Corporation, a Nevada corporation ("**Pharmaceutical Sub**") - a newly formed, wholly-owned subsidiary of the Company. Pursuant to the terms of the Contribution Agreement, the Company contributed to Pharmaceutical Sub certain assets associated with non-opioid, non-addictive therapeutics to alleviate pain, and owns certain patents and "Know How" (as defined in the Contribution Agreement) and other technology relating to the sodium ion-channel known as NaV1.7 for the treatment of various types of systemic chronic pain, acute and chronic eye pain and post-surgical nerve blocks (collectively, the "**Intellectual Property Rights**") and certain other assets related thereto (collectively, the "**Transferred Assets**").

Pharmaceutical Sub accepted the Transferred Assets as of the Contribution Date. In exchange for the Transferred Assets, Pharmaceutical Sub issued to the Company 100 shares of Pharmaceutical Sub's common stock. After the above contribution, Pharmaceutical Sub may engage in licensing, developing and commercializing the Intellectual Property Rights.

In connection with the Contribution Agreement, on July 1, 2025, the Company, as assignor, entered into an Intellectual Property Assignment and Assumption Agreement (the "**IP Assignment and Assumption Agreement**") with Pharmaceutical Sub, as assignee, pursuant to which the Company irrevocably conveyed, transferred and assigned of the Company's interests in, to and under the Intellectual Property Rights, including without limitation, the specific intellectual property rights and Know How set forth in the Contribution Agreement, together with any and all goodwill associated with such intellectual property rights (collectively, the "**Assigned IP**"). Pharmaceutical Sub accepted the conveyance, transfer and assignment of the Assigned IP as of the Contribution Date.

The foregoing descriptions of the Contribution Agreement and the IP Assignment and Assumption Agreement are not complete and are subject to and qualified in their entirety by reference to the Contribution Agreement and the IP Assignment and Assumption Agreement, copies of which are filed as Exhibits 10.10 and 10.11, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Royalty Agreements

As an inducement to enter into the Securities Purchase Agreement, the Company and LNHC, as Seller Parties, and Nomis RoyaltyVest LLC ("**NRV**") entered into a Purchase and Sale Agreement, dated as of July 1, 2025 (the "**ZELSUVMI Royalty Agreement**"), pursuant to which the Company and LNHC sold to NRV, and NRV purchased, all of the Company's and LNHC's rights, title and interest in and to a portion of the Company's and LNHC's revenue payments for ZELSUVMI and all accounts with respect thereto. In addition, prior to the expiration of the Initial Royalty Term (as defined in the ZELSUVMI Royalty Agreement), NRV will receive a 1.5% royalty on net sales of ZELSUVMI worldwide, other than in Japan, and 3.46% of non-royalty sublicensing payments received by LNHC for its sublicensing of rights to ZELSUVMI, and (ii) after the expiration of the Initial Royalty Term, NRV will receive a 1.2% royalty on net sales of ZELSUVMI worldwide, other than in Japan, and 3.46% of non-royalty sublicensing payments received by LNHC for its sublicensing of rights to ZELSUVMI.

On July 1, 2025, the Company and Pharmaceutical Sub, as Seller Parties and NRV, Ligand, and Madison Royalty LLC, a Colorado limited liability company, on behalf of certain of the Company's management team and other assignees ("**Madison**") entered into a Purchase and Sale Agreement (the "**Channel Products Royalty Agreement**"), pursuant to which the Company and Pharmaceutical Sub sold to each of NRV, Ligand, and Madison, and each of NRV, Ligand, and Madison purchased, all of the Company's and Pharmaceutical Sub's rights, title and interest in and to a portion of the Company's and Pharmaceutical Sub's revenue payments and all accounts related to or utilizing (i) Nitricil based technology, (ii) Xepi, or (iii) NaV channel based technology and, in each case, any improvements, successors, replacements or varying dosage forms of the foregoing, other than ZELSUVMI (the "**Channel Covered Products**"). In addition, (A) prior to the expiration of the Initial Royalty Term (as defined in the Channel Products Royalty Agreement), (i) NRV will receive a 5.3% royalty, Ligand will receive a 1.7% royalty and Madison will receive a 1.5% royalty on Net Sales (as defined in the Channel Products Royalty Agreement) of the Channel Covered Products worldwide, and (ii) NRV will receive 12.23%, Ligand will receive 3.92% and Madison will receive 3.46% of non-royalty sublicensing payments received by Pharmaceutical Sub for its sublicensing of rights to the Channel Covered Products worldwide; and (B) after the expiration of the Initial Royalty Term, (i) NRV will receive a 4.24% royalty, Ligand will receive a 1.36% royalty and Madison will receive a 1.2% royalty on Net Sales of the Channel Covered Products worldwide, and (ii) NRV will receive 12.23%, Ligand will receive 3.92% and Madison will receive 3.46% of non-royalty sublicensing payments received by Pharmaceutical Sub for its sublicensing of rights to the Channel Covered Products worldwide.

The foregoing descriptions of the ZELSUVMI Royalty Agreement and the Channel Products Royalty Agreement are not complete and are subject to and qualified in their entirety by reference to the ZELSUVMI Royalty Agreement and the Channel Products Royalty Agreement, copies of which are filed as Exhibits 10.12 and 10.13, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On July 1, 2025, the Company completed the Merger in accordance with the terms of the Merger Agreement, pursuant to which, among other matters, subject to the terms and conditions thereof, Merger Sub merged with and into LNHC, with LNHC surviving as the surviving corporation and a wholly owned subsidiary of the Company.

On July 1, 2025, the Company changed its name to "Pelthos Therapeutics, Inc" (the "**Name Change**") pursuant to a Certificate of Amendment to the Company's Articles of Incorporation filed with the Secretary of State of the State of Nevada (the "**Name Change Certificate of Amendment**"), effective as of 4:05 p.m. Eastern Time.

On July 1, 2025, the Company effected a one-for-ten reverse stock split of all of the Company's outstanding shares of Common Stock (the "**Reverse Stock Split**") by filing a Certificate of Amendment to the Company's Articles of Incorporation with the Secretary of State of the State of Nevada (the "**Reverse Stock Split Certificate of Amendment**"), effective as of 4:06 p.m. Eastern Time.

Following the completion of the Merger, the business conducted by the Company became primarily the business conducted by LNHC, which is a is a biopharmaceutical company committed to commercializing innovative, safe, and efficacious therapeutic products to help patients with unmet treatment burdens.

At the effective time of the Merger (the "**Effective Time**"), the Company issued an aggregate of approximately 31,279 shares of Series A Preferred Stock to Ligand, based on the exchange ratio set forth in the Merger Agreement, resulting in approximately 57,569 shares of the Company's Series A Preferred Stock being issued and outstanding immediately following the Effective Time. Immediately following the Merger, the Company's securityholders as of immediately prior to the Merger owned approximately 7.9% of the outstanding shares of the Company and LNHC securityholders owned approximately 55.8% of the outstanding shares of the Company, in each case on a fully diluted basis, calculated using the treasury stock method.

The shares of Series A Preferred Stock issued to Ligand in the Merger will not be registered under the Securities Act, and will be issued and sold in reliance on the exemption from registration requirements thereof provided by Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering.

The shares of the Company's Common Stock listed on the NYSE American LLC ("**NYSE American**"), previously trading through the close of business on July 1, 2025 under the ticker symbol "CHRO," commenced trading on the NYSE American under the ticker symbol "PTHS," on July 2, 2025. The Company's Common Stock is represented by a new CUSIP number, 171126 204.

The foregoing description of the Merger Agreement contained herein is not complete and is subject to and qualified in its entirety by reference to the Merger Agreement, a copy of which is filed as Exhibit 2.1 to this Current Report on Form 8-K, and is incorporated by reference herein.

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

The foregoing description of the material terms of the Merger Agreement, Securities Purchase Agreement, the Securities Purchase Agreement Amendment, the Certificate of Designations and the Side Letter, and the transactions contemplated thereby, are qualified in its entirety by reference to the full text of Merger Agreement, Securities Purchase Agreement, the Securities Purchase Agreement Amendment, the Certificate of Designations and the Form of Side Letter, copies of which are filed as Exhibits 2.1, 10.5, 10.6, 3.3 and 10.7, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

The information set forth in the "*Explanatory Note*" and Item 1.01 to this Current Report on Form 8-K is incorporated by reference herein.

Item 3.02. Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 above regarding the shares of Series A Preferred Stock issued to PIPE Investors and the conversions of shares of Series A Preferred Stock into shares of the Company's Common Stock, and Item 2.01 above regarding the shares of Series A Preferred Stock issued to Ligand in the Merger is incorporated into this Item 3.02 by reference. The shares of Series A Preferred Stock and the shares of Common Stock issuable upon conversion of the Series A Preferred Stock were offered and sold in reliance on the exemption from the registration requirements provided by Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering.

Item 3.03. Material Modification to Rights of Security Holders.

Name Change

In connection with the consummation of the Merger, the Company changed its name from "Channel Therapeutics Corporation" to "Pelthos Therapeutics, Inc." pursuant to the Name Change Certificate of Amendment. Reference is made to the disclosure described in the Information Statement in the section titled "*The Name Change Charter Amendment*" beginning on page 154, which is incorporated herein by reference.

After consummation of the Merger and the Reverse Stock Split, shares of the Company's Common Stock were listed on the NYSE American under the symbol "PTHS," and the CUSIP number relating to the Common Stock was changed to 171126 204. Holders of shares of Channel Therapeutics Corporation who have filed reports under the Exchange Act with respect to those shares should indicate in their next filing, or any amendment to a prior filing, filed on or after the Closing Date that the Company is the successor to Channel Therapeutics Corporation.

The foregoing descriptions of the Reverse Stock Split Certificate of Amendment and the Name Change Certificate of Amendment are not complete and are subject to and qualified in their entirety by reference to the Reverse Stock Split Certificate of Amendment and the Name Change Certificate of Amendment, copies of which are filed as Exhibits 3.2 and 3.3, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Reverse Stock Split

Immediately after the consummation of the Merger, the Company effected the Reverse Stock Split pursuant to the Reverse Stock Split Certificate of Amendment. Pursuant to the Reverse Stock Split Certificate of Amendment, the Reverse Stock Split became effective as of 4:06 p.m. Eastern Time on July 1, 2025. As a result of the Reverse Stock Split, every ten (10) shares of Common Stock were exchanged for one (1) share of Common Stock. The Common Stock began trading on the NYSE American on a split-adjusted basis at the start of trading on July 2, 2025.

The Reverse Stock Split did not affect the total number of shares of capital stock, including the Common Stock, that the Company is authorized to issue, which remains as set forth pursuant to the Articles of Incorporation, as amended. No fractional shares of Common Stock were issued in connection with the Reverse Stock Split. Any holder that would receive a fractional share of Common Stock as a result of the Reverse Stock Split will automatically be entitled to receive an additional remaining fraction of such share of Common Stock in order to round up to the next whole shares as of the date of the Reverse Stock Split. The Reverse Stock Split also has a proportionate effect on all other options and warrants of the Company outstanding as of the effective date of the Reverse Stock Split.

The new CUSIP number for the Common Stock is 171126 204.

The Company's transfer agent, Nevada Agency and Transfer Company, is acting as exchange agent for the Reverse Stock Split.

Reference is made to the disclosure described in the Information Statement in the section titled "*The Reverse Stock Split*" beginning on page 155 which is incorporated herein by reference.

Item 5.01. Changes in Control of Registrant.

The information set forth in the Explanatory Note and in Item 1.01, Item 2.01, Item 3.02, Item 5.02 and Item 5.03 to this Current Report is incorporated by reference into this Item 5.01.

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

The information set forth in the sections titled "*Management Following the Merger,*" beginning on page 232, "*Channel's Executive and Director Compensation,*" beginning on page 237 and "*Certain Relationships and Related Party Transactions of the Combined Company,*" beginning on page 244 in the Information Statement is incorporated herein by reference.

Departure and Election of Directors

In connection with the Merger and pursuant to the terms of the Merger Agreement, at the Effective Time, Francis Knuettel II, Todd Davis, Ezra Friedberg and Chia-Lin Simmons each resigned from the Company's board of directors (the "**Board**").

In addition, the size of the Board was increased from five to seven directors.

At the Effective Time, one director selected by the Company, namely Dr. Richard Malamut, one director who is the newly-elected Chief Executive Officer of the Company, namely Scott Plesha, four directors selected by LNHC, namely Peter Greenleaf, Matthew Pauls, Todd Davis and Richard Baxter, and one member selected by Nomis Bay, namely Ezra Friedberg, were each appointed to serve as a director of the Company until the next annual meeting of stockholders to be held after the Closing Date or until a successor is duly elected and qualified, or until each such director's earlier resignation or removal.

Effective as of the Closing Date, the following committees of the Board were constituted as follows:

- Audit Committee: Ezra Friedberg (Chair) and Matthew Pauls.
- Compensation Committee: Dr. Richard Malamut and Matthew Pauls (Chair).
- Nominating and Corporate Governance Committee: Dr. Richard Malamut and Peter Greenleaf (Chair).

Departure and Appointment of Certain Officers

In connection with the Merger, on the Closing Date, Francis Knuettel's employment as Chief Executive Officer, and President, Treasurer and Secretary of the Company terminated.

Additionally, on the Closing Date, Dr. Eric Lang's employment as Chief Medical Officer of the Company was terminated.

In connection with the Merger and pursuant to the Merger Agreement, at the Effective Time, the following individuals were appointed to serve as executive officers of the Company:

Name of Executive Officer	Age	Position
Scott Plesha	61	Chief Executive Officer, President and Director
Francis Knuettel II	59	Chief Financial Officer (principal financial officer and principal accounting officer)
Sai Rangarao	41	Chief Commercial Officer

The biographical information and business experience required by Item 5.02(d) with respect to the directors of the Company following the consummation of the Merger and of Messrs. Plesha and Knuettel required by Item 5.02(c) and described under the section "*Management Following the Merger*," beginning on page 232 in the Information Statement is incorporated by reference herein. The biographical information and business experience required by Item 5.02(d) with respect to Mr. Rangarao is as follows:

Sai Rangarao serves as Senior Vice President, Head of Sales, Marketing & Commercial Operations at Pelthos. Mr. Rangarao joined Pelthos in March 2024. He has more than a decade of experience leading, launching, and marketing large and highly differentiated pharmaceutical products, including Otezla®, the only approved oral systemic therapy with a broad indication. Prior to joining Pelthos, Mr. Rangarao was Vice President of Marketing at Collegium Pharmaceutical, where he led marketing for the full product portfolio and Neurology sales. He joined Collegium from BioDelivery Sciences International (BDSI), which was acquired by Collegium in 2022. Under Mr. Rangarao's leadership as Vice President of Marketing and Commercial Operations at BDSI, the company expanded its pain and neurology product portfolio and increased market share of the company's lead product BELBUCA®, ultimately leading to the successful sale to Collegium. Before BDSI, he was Head of Dermatology Marketing at Celgene Corporation. At Celgene, Mr. Rangarao was responsible for the commercial efforts of Otezla in dermatology for three consecutive years leading to significant year-over-year market share growth until the product was sold to Amgen for $13 billion. He began his career at Novartis Pharmaceuticals, where he held roles of increasing responsibility across Global R&D, Sales Force Effectiveness, Multichannel, and In-Line Marketing. Mr. Rangarao also served as a key member of the commercial and marketing organization at Novartis that launched COSENTYX® in the U.S. Mr. Rangarao earned an MS in Bioscience Regulatory Affairs from The Johns Hopkins University, an MBA and MS from the New Jersey Institute of Technology, and a BS in Computer Science from Indiana University of Pennsylvania.

The Company's directors and the foregoing named officers have entered into customary indemnification agreements that provide them, in general, with customary indemnification in connection with their service to the Company or on its behalf. The foregoing description of the indemnification agreements is qualified in its entirety by reference to the full text of each indemnification agreement, a form of which is filed as Exhibit 10.9 hereto and is incorporated by reference herein.

On the Closing Date, the Company entered into employment agreements with Messrs Plesha, Knuettel and Rangarao, effective as of the Closing Date.

Plesha Employment Agreement

The term of the Employment Agreement with Mr. Plesha (the "**Plesha Employment Agreement**") commenced on July 1, 2025 and continues until terminated pursuant to the terms set forth in the Plesha Employment Agreement.

Pursuant to the Plesha Employment Agreement, Mr. Plesha will receive an annual base salary of $438,000 and will be eligible to receive an annual bonus (the "**Annual Bonus**"), which will be paid no later than 90 days following the end of the fiscal year in which the Annual Bonus was earned. The Annual Bonus will have a maximum amount of 50% of Mr. Plesha's base salary and is contingent upon Mr. Plesha's meeting certain annual goals (the "Annual Bonus Goals") set by the Company and the Board.

The Plesha Employment Agreement also provides that, subject to the approval of the Board, Mr. Plesha will be granted one or more equity awards covering 340,000 shares of the Company's Common Stock in the form of stock options ("**Options**"), restricted stock units ("**RSUs**"), or a combination thereof, as determined by the Board (the "**Equity Awards**").

The Plesha Employment Agreement contains standard terms relating to termination of employment for cause, good reason, as well as standard provisions relating to Mr. Plesha's rights to receive unpaid salary through the date of termination and accrued but unused vacation time in accordance with Company policy and all other payment and benefits to which Mr. Plesha shall be entitled to under the terms of the Employment Agreement.

Knuettel Employment Agreement

The term of the Employment Agreement with Mr. Knuettel (the "**Knuettel Employment Agreement**") commenced on July 1, 2025 and continues until terminated pursuant to the terms set forth in the Knuettel Employment Agreement.

Pursuant to the Knuettel Employment Agreement, Mr. Knuettel will receive an annual base salary of $410,000 and will be eligible to receive Annual Bonus, which will be paid no later than 90 days following the end of the fiscal year in which the Annual Bonus was earned. The Annual Bonus will have a maximum amount of 40% of Mr. Knuettel's base salary and is contingent upon Mr. Knuettel's meeting his Annual Bonus Goals set by the Company and the Board.

The Knuettel Employment Agreement also provides that, subject to the approval of the Board, Mr. Knuettel will be granted one or more Equity Awards covering 136,000 shares of the Company's Common Stock in the form of Options, RSUs, or a combination thereof, as determined by the Board.

The Knuettel Employment Agreement contains standard terms relating to termination of employment for cause, good reason, as well as standard provisions relating to Mr. Knuettel's rights to receive unpaid salary through the date of termination and accrued but unused vacation time in accordance with Company policy and all other payment and benefits to which Mr. Knuettel shall be entitled to under the terms of the Employment Agreement.

Rangarao Employment Agreement

The term of the Employment Agreement with Mr. Ranagarao (the "**Rangarao Employment Agreement**") commenced on July 1, 2025 and continues until terminated pursuant to the terms set forth in the Rangarao Employment Agreement.

Pursuant to the Rangarao Employment Agreement, Mr. Rangarao will receive an annual base salary of $400,000 and will be eligible to receive Annual Bonus, which will be paid no later than 90 days following the end of the fiscal year in which the Annual Bonus was earned. The Annual Bonus will have a maximum amount of 40% of Mr. Rangarao's base salary and is contingent upon Mr. Rangarao's meeting his Annual Bonus Goals set by the Company and the Board.

The Rangarao Employment Agreement also provides that, subject to the approval of the Board, Mr. Rangarao will be granted one or more Equity Awards covering 124,000 shares of the Company's Common Stock in the form of Options, RSUs, or a combination thereof, as determined by the Board.

The Rangarao Employment Agreement contains standard terms relating to termination of employment for cause, good reason, as well as standard provisions relating to Mr. Rangarao's rights to receive unpaid salary through the date of termination and accrued but unused vacation time in accordance with Company policy and all other payment and benefits to which Mr. Rangarao shall be entitled to under the terms of the Employment Agreement.

The foregoing descriptions of the Plesha Employment Agreement, the Knuettel Employment Agreement and the Rangarao Employment Agreement are not complete and is qualified in their entirety by reference to the full text of the Plesha Employment Agreement and the Knuettel Employment Agreement, copies of which are filed as Exhibits 10.17, 10.18 and 10.19, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Cash Bonuses

Mr. Plesha was entitled to receive a cash bonus of $250,00 and Mr. Knuettel was entitled to receive a cash bonus of $100,000, payable by the Company as of the third business day following the consummation of the Merger, or as of the end of the pay period in which the consummation of the Merger occurs, and in no event, later that December 31, 2025.

Amended and Restated 2023 Plan

On April 16, 2025, the Company's stockholders approved the Channel Therapeutics Corporation Amended and Restated 2023 Plan (the "**Amended and Restated 2023 Plan**"). The Amended and Restated 2023 Plan is intended to encourage key employees, directors, and consultants of the Company and its subsidiaries to continue their association with the Company by providing favorable opportunities for them to participate in the ownership of the Company and its subsidiaries and in its future growth through the granting of equity ownership opportunities and incentives based on Company Common Stock that are intended to align their interests with those of the Company's stockholders. The Amended and Restated 2023 Plan reflects amendments to the Channel Therapeutics Corporation 2023 Equity Incentive Plan (the "**Prior Plan**"), which, among other things, (i) increases the number of shares of Common Stock that are authorized to be issued under the Prior Plan from 1,944,444 to 24,000,000 and (ii) provides for a termination date of April 11, 2035.

A description of the Amended and Restated 2023 Plan is included in the Information Statement in the section titled "*The Amended and Restated 2023 Plan*" beginning on page 149 which is incorporated herein by reference. The foregoing descriptions of the Amended and Restated 2023 Plan are not complete and are subject to and qualified in their entirety by reference to the full text of the Amended and Restated 2023 Plan, the related form of Stock Option Agreement under the Amended and Restated 2023 Plan and the related form of Restricted Stock Unit Agreement under the Amended and Restated 2023 Plan, copies of which are filed as Exhibits 10.14, 10.15 and 10.16, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

To the extent required by Item 5.03 of Form 8-K, the information contained in Item 2.01 and Item 3.03 to this Current Report on Form 8-K is incorporated by reference herein.

Item 8.01. Other Events.

On June 27, 2025, the Company issued a press release announcing the Reverse Stock Split. The press release contains statements intended as "forward-looking statements" which are subject to the cautionary statements about forward-looking statements set forth therein. The press release is filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference, except that the information contained on the websites referenced in the press release is not incorporated herein by reference.

On July 2, 2025, the Company issued a press release announcing, among other things, closing of the Transactions. The press release contains statements intended as "forward-looking statements" which are subject to the cautionary statements about forward-looking statements set forth therein. The press release is filed as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference, except that the information contained on the websites referenced in the press release is not incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of the Business Acquired

The audited financial statements of LNHC as of December 31, 2024 and 2023 and for the years ended December 31, 2024 and 2023 and the related notes are included in the Information Statement beginning on page F-68 and are incorporated herein by reference.

The unaudited condensed financial statements of LNHC as of March 31, 2025 and 2024 and for the three months ended March 31, 2025 and 2024 and the related notes included in the Information Statement beginning on page F-50 and are incorporated herein by reference.

(b) Pro Forma Financial Information

The pro forma financial information required by Item 9.01(b) of Form 8-K will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the deadline for the Item 2.01 information in this Current Report on Form 8-K.

(c) Not applicable.

(d) Exhibits:

Exhibit No.	Description
2.1*	Agreement and Plan of Merger, dated as of April 11, 2025, by and among Channel Therapeutics Corporation, CHRO Merger Sub Inc., LNHC, Inc. and Ligand Pharmaceuticals Incorporated (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2025).
2.2	Merger Agreement Waiver, dated as of July 1, 2025, by and among Channel Therapeutics Corporation, CHRO Merger Sub Inc., LNHC, Inc. and Ligand Pharmaceuticals Incorporated.
3.1	Certificate of Amendment to Articles of Incorporation, filed with the Secretary of State of the State of Nevada on July 1, 2025 (Name Change Certificate of Amendment).
3.2	Certificate of Amendment to Articles of Incorporation, filed with the Secretary of State of the State of Nevada on July 1, 2025 (Reverse Stock Split Certificate of Amendment).
3.3	Certificate of Designations of Rights and Preferences of the Series A Convertible Preferred Stock, filed with the Secretary of State of the State of Nevada on July 1, 2025.
3.4	Bylaws.
10.1	Form of Lock-Up Agreement (Channel's executive officers and directors) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2025)
10.2	Form of Lock-Up Agreement (certain investors who have entered into the Securities Purchase Agreement) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2025).
10.3	Form of Lock-Up Agreement (certain investment company) (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2025).
10.4	Form of Lock-Up Agreement (Nomis Bay, Ligand and other investors) (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2025).
10.5	Securities Purchase Agreement, dated as of April 11, 2025, by and among Channel Therapeutics Corporation, LNHC Inc., and each of the investors thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2025).
10.6*	Amendment No. 1 to Securities Purchase Agreement, dated as of July 1, 2025, by and among Channel Therapeutics Corporation, LNHC Inc., and each of the investors thereto.
10.7	Form of Series A Convertible Preferred Stockholder Letter.
10.8	Registration Rights Agreement.
10.9+	Form of Indemnification Agreement.
10.10*	Contribution Agreement, dated as of July 1, 2025, by and between Channel Therapeutics Corporation and Channel Pharmaceutical Corporation.
10.11*	Intellectual Property Assignment and Assumption Agreement, dated as of July 1, 2025, by and between Channel Therapeutics Corporation and Channel Pharmaceutical Corporation.
10.12*	Purchase and Sale Agreement, dated as of July 1, 2025, by and among Channel Therapeutics Corporation and LNHC, Inc., as the Seller Parties and Nomis RoyaltyVest LLC, as the Purchaser.

10.13*	Purchase and Sale Agreement, dated as of July 1, 2025, by and among Channel Therapeutics Corporation and Channel Pharmaceutical Corporation, as the Seller Parties and Nomis RoyaltyVest LLC, Ligand Pharmaceuticals Incorporated and Madison Royalty LLC, as the Purchasers.
10.14+	Pelthos Therapeutics Inc. Amended and Restated 2023 Equity Incentive Plan.
10.15+	Form of Stock Option Agreement under the Pelthos Therapeutics Inc. Amended and Restated 2023 Equity Incentive Plan.
10.16+	Form of Restricted Stock Unit Agreement under the Pelthos Therapeutics Inc. Amended and Restated 2023 Equity Incentive Plan.
10.17+	Executive Employment Agreement, dated July 1, 2025, between Pelthos Therapeutics Inc. and Scott Plesha.
10.18+	Executive Employment Agreement, dated July 1, 2025, between Pelthos Therapeutics Inc. and Francis Knuettel II.
10.19+	Executive Employment Agreement, dated July 1, 2025, between Pelthos Therapeutics Inc. and Sai Rangarao.
10.20*+	Employee Lease Agreement, dated July 1, 2025, by and between Ligand Pharmaceuticals Incorporated and Pelthos Therapeutics Inc.
10.21*	Transition Services Agreement, dated July 1, 2025, by and between Ligand Pharmaceuticals Incorporated and LNHC, Inc.
99.1	Press Release, dated June 27, 2025.
99.2	Press Release, dated July 2, 2025.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Exhibits and/or schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish supplementally copies of any of the omitted exhibits and schedules upon request by the SEC; provided, however, that the registrant may request confidential treatment pursuant to Rule 24b-2 under the Exchange Act, for any exhibits or schedules so furnished.

\+ Indicates management contract or compensatory plan.

SIGNATURES

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

Date: July 2, 2025

Pelthos Therapeutics, Inc.

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Financial Officer

Exhibit 2.2

Execution Version

July [1], 2025

WAIVER

Reference is made to that certain Common Stock Purchase Agreement, dated as of July 26, 2024 (the "Purchase Agreement"), by and between Channel Therapeutics Corporation (formerly Chromocell Therapeutics Corporation) ("Public Company") and Tikkun Capital LLC ("Tikkun" and collectively with the Public Company, the "Parties"). Capitalized terms used but not defined herein have the meanings ascribed in the Purchase Agreement.

1. Notwithstanding anything to the contrary in the Purchase Agreement, Tikkun hereby waives the Fundamental Transaction termination rights of Section 6.8 of the Purchase Agreement.

2. Except as otherwise specifically consented to, waived, agreed to and/or acknowledged hereby, the provisions of the Purchase Agreement shall remain in full force and effect. The specific waivers contained herein, shall not be deemed as a consent to, or waiver of, any other condition or any other provision in the Purchase Agreement.

3. This waiver shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof. This waiver may be executed in one or more counterparts (including by facsimile transmissions), all of which shall be considered one and the same instrument.

- Signature page follows -

IN WITNESS WHEREOF, the undersigned has caused this waiver to be executed by its authorized signatories as of the date hereof.

Channel Therapeutics Corporation

By: /s/ Francis Knuettel II

Name: Francis Knuettel II

Title: CFO

Tikkun Capital LLC

By: 3i Management LLC, as Manager

By: /s/ Maier J. Tarlow

Name: Maier J. Tarlow

Title: Manager

Exhibit 3.1

FRANCISCO V. AGUILAR
Secretary of State

DEANNA L. REYNOLDS
Deputy Secretary for Commercial Recordings

STATE OF NEVADA

OFFICE OF THE SECRETARY OF STATE

Commercial Recordings Division
401 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7141

North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Certified Copy

7/1/2025 1:17:13 PM

Work Order Number: W2025070101488
Reference Number: 20255006039
Through Date: 7/1/2025 1:17:13 PM
Corporate Name: Pelthos Therapeutics Inc.

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number	Description	Number of Pages
20255006017	Amendment After Issuance of Stock	3

Respectfully,

FRANCISCO V. AGUILAR
Nevada Secretary of State

Certified By: Sean Robles
Certificate Number: B202507015862133
You may verify this certificate online at **https://www.nvsilverflume.gov/home**

FRANCISCO V. AGUILAR
Secretary of State

RUBEN J. RODRIGUEZ
Deputy Secretary for Southern Nevada

2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2452

STATE OF NEVADA

OFFICE OF THE
SECRETARY OF STATE

GABRIEL DI CHIARA
Chief Deputy Secretary of State

DEANNA L. REYNOLDS
Deputy Secretary for Commercial Recordings

401 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7141

Business Entity - Filing Acknowledgement

07/01/2025

Work Order Item Number:	W20250701O1488-4556036
Filing Number:	20255006017
Filing Type:	Amendment After Issuance of Stock
Filing Date/Time:	7/1/2025 12:38:00 PM
Filing Page(s):	3

Indexed Entity Information:
Entity ID: E42848462024-4
Entity Name: Pelthos Therapeutics Inc.
Entity Status: Active
Expiration Date: None

Commercial Registered Agent
NEVADA AGENCY AND TRANSFER COMPANY
50 West Liberty Street, Suite 880, Reno, NV 89501, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

FRANCISCO V. AGUILAR
Secretary of State

Commercial Recording

Filed in the Office of	Business Number
FVAguilar	E42848462024-4
	Filing Number
Secretary of State	20255006017
State Of Nevada	Filed On
	7/1/2025 12:38:00 PM
	Number of Pages
	3

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State:
Channel Therapeutics Corporation

Entity or Nevada Business Identification Number (NVID): NV20243232146

2. Restated or Amended and Restated Articles: (Select one)

(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles

☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on:
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.

☐ Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed: (Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following: (Check only one box) ☐ incorporators ☐ board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is:

Or ☒ No action by stockholders is required, name change only.

☐ Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada:

Jurisdiction of formation:

Changes to takes the following effect:

☐ The entity name has been amended.
☐ The purpose of the entity has been amended.
☐ The authorized shares have been amended.
☐ Other: (specify changes)

☐ Dissolution
☐ Merger
☐ Conversion

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: 07/01/2025 Time: 4:05 p.m. ET

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- [X] The entity name has been amended.
- [ ] The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- [ ] The purpose of the entity has been amended.
- [ ] The authorized shares have been amended.
- [X] The directors, managers or general partners have been amended.
- [ ] IRS tax language has been added.
- [ ] Articles have been added.
- [ ] Articles have been deleted.
- [ ] Other.

The articles have been amended as follows: (provide article numbers, if available)

See Exhibit A attached hereto.

(attach additional page(s) if necessary)

6. Signature: (Required)

Signed by:

X Francis Emmett II Treasurer

183AE9909404476...

Signature of Officer or Authorized Signer — Title

X _____

Signature of Officer or Authorized Signer — Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

This form must be accompanied by appropriate fees.

Channel Therapeutics Corporation
Exhibit A to Certificate of Amendment

The articles have been amended as follows:

Article I, the name of the entity is Pelthos Therapeutics Inc.

The directors and officers have been amended as follows:

Name:	**Title:**	**Address:**
Scott Plesha	Chief Executive Officer, President, and Director	4020 Stirrup Creek Drive Durham, NC 27703
Francis Knuettel II	Chief Financial Officer, Treasurer and Secretary	4020 Stirrup Creek Drive Durham, NC 27703
Ezra Friedberg	Director	4020 Stirrup Creek Drive Durham, NC 27703
Todd Davis	Director	4020 Stirrup Creek Drive Durham, NC 27703
Richard Baxter	Director	4020 Stirrup Creek Drive Durham, NC 27703
Richard Malamut	Director	4020 Stirrup Creek Drive Durham, NC 27703
Peter Greenleaf	Chairman of the Board of Directors	4020 Stirrup Creek Drive Durham, NC 27703
Matthew Pauls	Director	4020 Stirrup Creek Drive Durham, NC 27703

SECRETARY OF STATE

STATE OF NEVADA

NEVADA STATE BUSINESS LICENSE

Pelthos Therapeutics Inc.

Nevada Business Identification # NV20243232146
Expiration Date: 11/30/2025

In accordance with Title 7 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada.
Valid until the expiration date listed unless suspended, revoked or cancelled in accordance with the provisions in Nevada Revised Statutes. License is not transferable and is not in lieu of any local business license, permit or registration.
License must be cancelled on or before its expiration date if business activity ceases. Failure to do so will result in late fees or penalties which, by law, cannot be waived.

Certificate Number: B202507015862104
You may verify this certificate online at https://www.nvsilverflume.gov/home

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on 07/01/2025.

FRANCISCO V. AGUILAR
Secretary of State

Exhibit 3.2

FRANCISCO V. AGUILAR
Secretary of State

DEANNA L. REYNOLDS
Deputy Secretary for Commercial Recordings

STATE OF NEVADA

OFFICE OF THE SECRETARY OF STATE

Commercial Recordings Division
401 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7141

North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Certified Copy

7/1/2025 1:17:15 PM

Work Order Number: W2025070101488
Reference Number: 20255006039
Through Date: 7/1/2025 1:17:15 PM
Corporate Name: Pelthos Therapeutics Inc.

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number	Description	Number of Pages
20255006030	Certificate Pursuant to NRS 78.209	1

Respectfully,

FRANCISCO V. AGUILAR
Nevada Secretary of State

Certified By: Sean Robles
Certificate Number: B202507015862135
You may verify this certificate online at **https://www.nvsilverflume.gov/home**

STATE OF NEVADA

FRANCISCO V. AGUILAR
Secretary of State

RUBEN J. RODRIGUEZ
Deputy Secretary for Southern Nevada

2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2452

OFFICE OF THE
SECRETARY OF STATE

GABRIEL DI CHIARA
Chief Deputy Secretary of State

DEANNA L. REYNOLDS
Deputy Secretary for Commercial Recordings

401 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7141

Business Entity - Filing Acknowledgement

07/01/2025

Work Order Item Number:	W2025070101488-4556037
Filing Number:	20255006030
Filing Type:	Certificate Pursuant to NRS 78.209
Filing Date/Time:	7/1/2025 12:38:00 PM
Filing Page(s):	1

Indexed Entity Information:

Entity ID: E42848462024-4 **Entity Name:** Pelthos Therapeutics Inc.

Entity Status: Active **Expiration Date:** None

Commercial Registered Agent
NEVADA AGENCY AND TRANSFER COMPANY
50 West Liberty Street, Suite 880, Reno, NV 89501, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

FRANCISCO V. AGUILAR
Secretary of State

2250 Las Vegas Blvd North
North Las Vegas, NV 89030

401 N. Carson Street
Carson City, NV 89701

1 State of Nevada Way
Las Vegas, NV 89119

Filed in the Office of	Business Number
FVAguilar	E42848462024-4
	Filing Number
	20255006030
Secretary of State	Filed On
State Of Nevada	7/1/2025 12:38:00 PM
	Number of Pages
	1

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Change Pursuant to NRS 78.209

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

INSTRUCTIONS:

1. Enter the current name as on file with the Nevada Secretary of State and enter the Entity or Nevada Business Identification Number (NVID).

2. Indicate the current number of authorized shares and par value, if any, and each class or series before the change.

3. Indicate the number of authorized shares and par value, if any of each class or series after the change.

4. Indicate the change of the affected class or series of issued, if any, shares after the change in exchange for each issued share of the same class or series.

5. Indicate provisions, if any, regarding fractional shares that are affected by the change.

6. NRS required statement.

7. This section is optional. If an effective date and time is indicated the date must not be more than 90 days after the date on which the certificate is filed.

8. Must be signed by an Officer. Form will be returned if unsigned.

1. Entity Information:	Name of entity as on file with the Nevada Secretary of State: Pelthos Therapeutics Inc. Entity or Nevada Business Identification Number (NVID): NV20243232146
2. Current Authorized Shares:	The current number of authorized shares and the par value, if any, of each class or series, if any, of shares before the change: 200,000,000 shares of Common Stock, par value $0.0001 per share 20,000,000 shares of Preferred Stock, par value $0.0001 per share
3. Authorized Shares After Change:	The number of authorized shares and the par value, if any, of each class or series, if any, of shares after the change: 200,000,000 shares of Common Stock, par value $0.0001 per share 20,000,000 shares of Preferred Stock, par value $0.0001 per share
4. Issuance:	The number of shares of each affected class or series, if any, to be issued after the change in exchange for each issued share of the same class or series: One share of Common Stock will be issued to each record holder after the change for every 10 shares held by such holder immediately prior to the change.
5. Provisions:	The provisions, if any, for the issuance of fractional shares, or for the payment of money or the issuance of scrip to stockholders otherwise entitled to a fraction of a share and the percentage of outstanding shares affected thereby: Any fractional share of Common Stock that would otherwise result from the change will be rounded up to the nearest whole share.
6. Provisions:	The required approval of the stockholders has been obtained.
7. Effective date and time: (Optional)	Date: 07/01/2025 Time: 4:06 p.m. ET (must not be later than 90 days after the certificate is filed)
8. Signature: (Required)	Signed by: X Francis Knuettel II 183AE9909404476... Signature of Officer Chief Financial Officer — Title 07/01/2025 — Date

This form must be accompanied by appropriate fees.
If necessary, additional pages may be attached to this form.

Exhibit 3.3

FRANCISCO V. AGUILAR
Secretary of State

DEANNA L. REYNOLDS
Deputy Secretary for Commercial Recordings

STATE OF NEVADA

OFFICE OF THE SECRETARY OF STATE

Commercial Recordings Division
401 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7141

North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Certified Copy

7/1/2025 1:17:06 PM

Work Order Number: W2025070101488
Reference Number: 20255006039
Through Date: 7/1/2025 1:17:06 PM
Corporate Name: Pelthos Therapeutics Inc.

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number	Description	Number of Pages
20255005941	Certificate of Designation	34

Respectfully,

FRANCISCO V. AGUILAR
Nevada Secretary of State

Certified By: Sean Robles
Certificate Number: B202507015862129
You may verify this certificate
online at **https://www.nvsilverflume.gov/home**

FRANCISCO V. AGUILAR
Secretary of State

RUBEN J. RODRIGUEZ
Deputy Secretary for Southern Nevada

2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2452

STATE OF NEVADA

OFFICE OF THE
SECRETARY OF STATE

GABRIEL DI CHIARA
Chief Deputy Secretary of State

DEANNA L. REYNOLDS
Deputy Secretary for Commercial Recordings

401 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7141

Business Entity - Filing Acknowledgement

07/01/2025

Work Order Item Number:	W2025070101488-4556035
Filing Number:	20255005941
Filing Type:	Certificate of Designation
Filing Date/Time:	7/1/2025 12:38:00 PM
Filing Page(s):	35

Indexed Entity Information:

Entity ID: E42848462024-4 **Entity Name:** CHANNEL THERAPEUTICS CORPORATION

Entity Status: Active **Expiration Date:** None

Commercial Registered Agent
NEVADA AGENCY AND TRANSFER COMPANY
50 West Liberty Street, Suite 880, Reno, NV 89501, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

FRANCISCO V. AGUILAR
Secretary of State

2250 Las Vegas Blvd North
North Las Vegas, NV 89030

401 N. Carson Street
Carson City, NV 89701

1 State of Nevada Way
Las Vegas, NV 89119

Filed in the Office of	Business Number
F V Aguilar	E42848462024-4
	Filing Number
Secretary of State	20255005941
State Of Nevada	Filed On
	7/1/2025 12:38:00 PM
	Number of Pages
	34

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
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Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

☒ **Certificate of Designation**

☐ **Certificate of Amendment to Designation - Before Issuance of Class or Series**

☐ **Certificate of Amendment to Designation - After Issuance of Class or Series**

☐ **Certificate of Withdrawal of Certificate of Designation**

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: Channel Therapeutics Corporation Entity or Nevada Business Identification Number (NVID): NV20243232146
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional): Date: 07/01/2025 Time: 4:01 pm ET (must not be later than 90 days after the certificate is filed)
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing: Series A Convertible Preferred Stock
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing:
5. Amendment of class or series of stock:	☐ Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. ☐ Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.
6. Resolution: Certificate of Designation and Amendment to Designation only)	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* See Certificate of Designations of Rights and Preferences of Series A Convertible Preferred Stock attached hereto.
7. Withdrawal:	Designation being Withdrawn: Date of Designation: No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: *
8. Signature: (Required)	X Signed by: Francis Emmett II 183AE9909404478... Signature of Officer Date: 07/01/2025

* Attach additional page(s) if necessary

This form must be accompanied by appropriate fees.

CERTIFICATE OF DESIGNATIONS OF RIGHTS AND PREFERENCES OF SERIES A CONVERTIBLE PREFERRED STOCK OF CHANNEL THERAPEUTICS CORPORATION

Under Section 78.1955 of the Nevada Revised Statues

I, Francis Knuettel II, hereby certify that I am the Chief Executive Officer and President, Chief Financial Officer, Treasurer and Secretary of Channel Therapeutics Corporation (the **"Company"**), a corporation organized and existing under the Nevada Revised Statues (the **"NRS"**), and further do hereby certify:

That pursuant to the authority expressly conferred upon the Board of Directors of the Company (the **"Board"**) by the Company's Articles of Incorporation, as amended (the **"Articles of Incorporation"**), and Section 78.1955 of the NRS, the Board on April 16, 2025 adopted the following resolution determining it desirable and in the best interests of the Company and its shareholders for the Company to create a series of 150,000 shares of preferred stock designated as **"Series A Convertible Preferred Stock"**, none of which shares have been issued, to be issued pursuant to the Securities Purchase Agreement (as defined below), in accordance with the terms of the Securities Purchase Agreement:

RESOLVED, that pursuant to the authority vested in the Board, in accordance with the provisions of the Articles of Incorporation, a series of preferred stock, par value $0.0001 per share, of the Company be and hereby is created pursuant to this certificate of designations (this **"Certificate of Designations"**), and that the designation and number of shares established pursuant hereto and the voting and other powers, preferences and relative, participating, optional or other rights of the shares of such series and the qualifications, limitations and restrictions thereof are as follows:

TERMS OF SERIES A CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares. There shall hereby be created and established out of the authorized and unissued shares of the preferred stock of the Company a series of preferred stock of the Company designated as "Series A Convertible Preferred Stock" (the **"Series A Convertible Preferred Stock"**). The authorized number of shares of Series A Convertible Preferred Stock (the **"Preferred Shares"**) shall be one hundred and fifty thousand (150,000) shares; *provided, however* that, by resolution of the Board, the number of authorized shares of Series A Convertible Preferred Stock may hereafter be reduced to a number that is not less than the number of shares of Series A Convertible Preferred Stock then outstanding or issuable pursuant to the Securities Purchase Agreement. Each Preferred Share shall have a par value of $0.0001 per share. Capitalized terms not defined herein shall have the meaning as set forth in Section 28 below.

2. Dividends. In addition to Section 5 or Section 11 below, from and after the first date of issuance of any Preferred Shares (the **"Initial Issuance Date"**), each holder of a Preferred Share (each, a **"Holder"** and collectively, the **"Holders"**) shall be entitled to receive dividends (**"Dividends"**) when and as declared by the Board, from time to time, in its sole discretion, which Dividends shall be paid by the Company out of funds legally available therefor, payable, subject to the conditions and other terms hereof, in cash on the Stated Value of such Preferred Share.

3. Conversion. At any time after the Initial Issuance Date, each Preferred Share shall be convertible into validly issued, fully paid and non-assessable shares of Common Stock (as defined below) (the **"Conversion Shares"**), on the terms and subject to the conditions set forth in this Section 3.

(a) Holder's Conversion Right. Subject to the provisions of Section 3(d), at any time or times on or after the Initial Issuance Date, each Holder shall be entitled to convert any portion of the outstanding Preferred Shares held by such Holder into validly issued, fully paid and non-assessable Conversion Shares in accordance with Section 3(c) at the Conversion Rate (as defined below). The Company shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up to the nearest whole share. The Company shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including, without limitation, fees and expenses of the Company's transfer agent (the **"Transfer Agent"**)) that may be payable with respect to the issuance and delivery of Conversion Shares upon conversion of any Preferred Shares, except for any tax or duty that is due because such Holder requests those shares to be registered in a name other than such Holder's name (or any broker of the Holder).

(b) Conversion Rate. The number of Conversion Shares issuable upon conversion of any Preferred Share pursuant to this Section 3 shall be determined by dividing (x) the Conversion Amount of such Preferred Share by (y) the Conversion Price (the **"Conversion Rate"**).

(i) **"Conversion Amount"** means, with respect to each Preferred Share, as of the applicable date of determination, the sum of (1) the Stated Value thereof plus (2) any Additional Amount thereon as of such date of determination plus (3) any other amounts owed to such Holder pursuant to this Certificate of Designations or any other Transaction Document.

(ii) **"Conversion Price"** means, with respect to each Preferred Share, as of any Conversion Date or other date of determination, $1.00, subject to adjustment as provided herein.

(c) Mechanics of Conversion. The conversion of each Preferred Share shall be conducted in the following manner:

(i) Optional Conversion. To convert a Preferred Share into Conversion Shares on any date (a **"Conversion Date"**), a Holder shall deliver (whether via electronic mail or otherwise) to the Company, for receipt on or prior to 5:00 p.m., New York City time, on such date, a copy of an executed notice of conversion of the share(s) of Preferred Shares subject to such conversion in the form attached hereto as **Exhibit I** (the **"Conversion Notice"**) to the Company. If required by Section 3(c)(iii), within two (2) Trading Days following a conversion of any such Preferred Shares as aforesaid, such Holder shall surrender to a nationally recognized overnight delivery service for delivery to the Company the original certificates, if any, representing the Preferred Shares (the **"Preferred Share Certificates"**) if so converted as aforesaid (or an indemnification undertaking with respect to the Preferred Shares in the case of its loss, theft or destruction as contemplated by Section 15(a)). On the date of receipt of a Conversion Notice, the Company shall transmit by electronic mail an acknowledgment of confirmation and representation as to whether such shares of Common Stock may then be resold pursuant to Rule 144 (as defined in the Securities Purchase Agreement) or an effective and available registration statement, in the form attached hereto as **Exhibit II,** of receipt of such Conversion Notice to such Holder and the Transfer Agent, which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in accordance with the terms set forth herein. On or before the first (1^{st}) Trading Day following each Trading Day on which the Company has received a Conversion Notice (the **"Share Delivery Deadline"**), the Company shall (1) provided that the Transfer Agent is participating in the Depository Trust Company (**"DTC"**) Fast Automated Securities Transfer Program (**"FAST"**) and such shares of Common Stock (i) (A) may then be sold by the applicable Holder pursuant to an available and effective registration statement and (B) such Holder provides such documentation or other information evidencing the sale of the shares of Common Stock as the Company, the Transfer Agent or legal counsel to the Company shall reasonably request or (ii) are eligible to be resold by the Holder without further condition (including current public information requirements) pursuant Rule 144 (the **"Resale Eligibility Conditions"**), instruct the Transfer Agent to credit such aggregate number of Conversion Shares to which such Holder shall be entitled pursuant to such conversion to such Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian (**"DWAC"**) system upon receipt of such Buyer's broker's request through DTC's DRS/DWAC system, or (2) if the Transfer Agent is not participating in FAST or the Resale Eligibility Conditions are not satisfied, upon the request of such Holder, issue and deliver (via reputable overnight courier) to the address as specified in such Conversion Notice, a certificate, registered in the name of such Holder or its designee, for the number of Conversion Shares to which such Holder shall be entitled. If the number of Preferred Shares represented by the Preferred Share Certificate(s) submitted for conversion pursuant to Section 3(c)(iii) is greater than the number of Preferred Shares being converted, then the Company or the Transfer Agent shall, as soon as practicable and in no event later than two (2) Trading Days after receipt of the Preferred Share Certificate(s) and at the Company's expense, issue and deliver to such Holder (or its designee) by overnight courier service a new Preferred Share Certificate or a new Book-Entry (in either case, in accordance with Section 15(c)) representing the number of Preferred Shares not converted. The Person or Persons entitled to receive the Conversion Shares issuable upon a conversion of Preferred Shares shall be treated for all purposes as the record holder or holders of such Conversion Shares on the Conversion Date; provided, that such Person shall be deemed to have waived any voting rights of any such Conversion Shares that may arise with respect to any record date during the period commencing on such Conversion Date, through, and including, such applicable Share Delivery Deadline (each, an **"Conversion Period"**), as necessary, such that the aggregate voting rights of any Common Stock (including such Conversion Shares) beneficially owned by such Person and/or any of its Attribution Parties, collectively, on any such record date shall not exceed the Maximum Percentage (as defined below) as a result of any such conversion of such applicable Preferred Shares with respect thereto. Notwithstanding anything to the contrary contained in this Certificate of Designations or the Registration Rights Agreement, after the effective date of a Registration Statement (as defined in the Registration Rights Agreement) and prior to a Holder's receipt of the notice of a Suspension Period (as defined in the Registration Rights Agreement), the Company shall use reasonable best efforts to cause the Transfer Agent to deliver unlegended Conversion Shares to such Holder (or its designee) in connection with any sale of Registrable Securities (as defined in the Registration Rights Agreement) with respect to which such Holder has entered into a contract for sale, and delivered a copy of the prospectus included as part of the particular Registration Statement to the extent applicable, prior to the Holder's receipt of such notice and for which such Holder has not yet settled, subject to receipt by the Company of customary representations and other documentation reasonably acceptable to the Company in connection therewith.

(ii) Company's Failure to Timely Convert. If the Company shall fail, for any reason or for no reason, on or prior to the applicable Share Delivery Deadline, if the Transfer Agent is not participating in FAST or the Resale Eligibility Conditions are not satisfied, to issue and deliver to such Holder (or its designee) a certificate for the number of Conversion Shares to which such Holder is entitled and register such Conversion Shares on the Company's share register or, if the Transfer Agent is participating in FAST and the Resale Eligibility Conditions are satisfied, to credit such Holder's or its designee's balance account with DTC upon receipt of such Buyer's broker request through DTC's DRS/DWAC system for such number of Conversion Shares to which such Holder is entitled upon such Holder's conversion of any Conversion Amount (as the case may be) (a **"Conversion Failure"**) and, after the occurrence of at least three (3) Conversion Failures then, in addition to all other remedies available to such Holder, the Company shall pay in cash to such Holder on each day after the Share Delivery Deadline that the issuance of such Conversion Shares is not timely effected an amount equal to 0.5% of the product of (A) the sum of the number of Conversion Shares not issued to such Holder on or prior to the Share Delivery Deadline and to which such Holder is entitled, multiplied by (B) the average VWAP of the Common Stock during the period beginning on the applicable Conversion Date and ending on the applicable Share Delivery Deadline, and such Holder, upon written notice to the Company, may void its Conversion Notice with respect to, and retain or have returned, as the case may be, all, or any portion, of such Preferred Shares that has not been converted pursuant to such Conversion Notice; provided that the voiding of an Conversion 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 3(c)(ii) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Deadline either (A) the Transfer Agent is not participating in FAST or the Resale Eligibility Conditions are not satisfied, the Company shall fail to issue and deliver to such Holder (or its designee) a certificate and register such Conversion Shares on the Company's share register or, if the Transfer Agent is participating in FAST and the Resale Eligibility Conditions are satisfied, the Transfer Agent shall fail to credit the balance account of such Holder or such Holder's designee, as applicable, with DTC upon receipt of such Buyer's broker request through DTC's DRS/DWAC system, for the number of Conversion Shares to which such Holder is entitled upon such Holder's conversion hereunder or pursuant to the Company's obligation pursuant to clause (i) above, and if on or after such Share Delivery Deadline such Holder acquires (in an open market transaction, stock loan or otherwise) shares of Common Stock corresponding to all or any portion of the number of Conversion Shares issuable upon such conversion that such Holder is entitled to receive from the Company and has not received from the Company in connection with such Conversion Failure (a **"Buy-In"**), then, in addition to all other remedies available to such Holder, the Company shall, in such Holder's discretion as set forth in a written request to the Company (which may be an e-mail), either: (1) within two (2) Business Days after receipt of such Holder's request pay cash to such Holder in an amount equal to such Holder's total purchase price (including brokerage commissions, stock loan costs and other out-of-pocket expenses, if any) for the shares of Common Stock so acquired (including, without limitation, by any other Person in respect, or on behalf, of such Holder) (the **"Buy-In Price"**), at which point the Company's obligation to so issue and deliver such certificate (and to issue such Conversion Shares) or credit to the balance account of such Holder or such Holder's designee, as applicable, with DTC for the number of Conversion Shares to which such Holder is entitled upon such Holder's conversion hereunder (as the case may be) (and to issue such Conversion Shares) shall terminate and such shares shall be cancelled, provided that until December 31, 2026, in lieu of paying the Buy-In Price in cash, the Company will increase the Stated Value of the Preferred Shares held by such Buyer, pro rata per share, by the amount of the Buy-In Price, or (II) within two (2) Business Days after receipt of such Holder's request, promptly honor its obligation to so issue such Conversion Shares on the Company's share register or credit the balance account of such Holder or such Holder's designee, as applicable, with DTC upon receipt of such Buyer's broker request through DTC's DRS/DWAC system for the number of Conversion Shares to which such Holder is entitled upon such Holder's conversion hereunder (as the case may be) and pay cash to such Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (x) such number of shares of Common Stock multiplied by (y) the average VWAP of the Common Stock during the period commencing on the date of the applicable Conversion Notice and ending on the applicable Share Delivery Deadline (each, a **"Buy-In Payment Amount"**). Nothing herein shall limit a 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 Conversion Shares (or to electronically deliver such Conversion Shares) upon the conversion of the Preferred Shares as required pursuant to the terms hereof. Notwithstanding anything herein to the contrary, with respect to any given Conversion Failure, as applicable, this Section 3(c)(ii) shall not apply to a Holder to the extent the Company has already paid such amounts in full to such Holder with respect to such Delivery Failure, as applicable, pursuant to the analogous sections of the Securities Purchase Agreement.

(iii) Registration; Book-Entry. At the time of issuance of any Preferred Shares hereunder, the applicable Holder may, by written request (including by electronic-mail) to the Company, elect to receive such Preferred Shares in the form of one or more Preferred Share Certificates or in Book-Entry form. The Company (or the Transfer Agent, as custodian for the Preferred Shares) shall maintain a register (the **"Register"**) for the recordation of the names and addresses of the Holders of each Preferred Share and the Stated Value of the Preferred Shares and whether the Preferred Shares are held by such Holder in Preferred Share Certificates or in Book-Entry form (the **"Registered Preferred Shares"**). The entries in the Register shall be conclusive and binding for all purposes absent manifest error. The Company and each Holder of the Preferred Shares shall treat each Person whose name is recorded in the Register as the owner of a Preferred Share for all purposes (including, without limitation, the right to receive payments and Dividends hereunder) notwithstanding notice to the contrary. A Registered Preferred Share may be assigned, transferred or sold only by registration of such assignment or sale on the Register. Upon its receipt of a written request to assign, transfer or sell one or more Registered Preferred Shares by such Holder thereof, the Company shall record the information contained therein in the Register and issue one or more new Registered Preferred Shares in the same aggregate Stated Value as the Stated Value of the surrendered Registered Preferred Shares to the designated assignee or transferee pursuant to Section 15, provided that if the Company does not so record an assignment, transfer or sale (as the case may be) of such Registered Preferred Shares within two (2) Business Days of such a request, then the Register shall be automatically deemed updated to reflect such assignment, transfer or sale (as the case may be). Notwithstanding anything to the contrary set forth in this Section 3, following conversion of any Preferred Shares in accordance with the terms hereof, the applicable Holder shall not be required to physically surrender such Preferred Shares held in the form of a Preferred Share Certificate to the Company unless (A) the full or remaining number of Preferred Shares represented by the applicable Preferred Share Certificate are being converted (in which event such certificate(s) shall be delivered to the Company as contemplated by this Section 3(c)(iii)) or (B) such Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of Preferred Shares upon physical surrender of the applicable Preferred Share Certificate. Each Holder and the Company shall maintain records showing the Stated Value and Dividends converted and/or paid (as the case may be) and the dates of such conversions and/or payments (as the case may be) or shall use such other method, reasonably satisfactory to such Holder and the Company, so as not to require physical surrender of a Preferred Share Certificate upon conversion. If the Company does not update the Register to record such Stated Value and Dividends converted and/or paid (as the case may be) and the dates of such conversions and/or payments (as the case may be) within one (1) Business Day of such occurrence, then the Register shall be automatically deemed updated to reflect such occurrence. In the event of any dispute or discrepancy, such records of such Holder establishing the number of Preferred Shares to which the record holder is entitled shall be controlling and determinative in the absence of manifest error. A Holder and any transferee or assignee, by acceptance of a certificate, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of any Preferred Shares, the number of Preferred Shares represented by such certificate may be less than the number of Preferred Shares stated on the face thereof. Each Preferred Share Certificate shall bear the following legend:

ANY TRANSFEREE OR ASSIGNEE OF THIS CERTIFICATE SHOULD CAREFULLY REVIEW THE TERMS OF THE CORPORATION'S CERTIFICATE OF DESIGNATIONS RELATING TO THE SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE, INCLUDING SECTION 3(c)(iii) THEREOF. THE NUMBER OF SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE MAY BE LESS THAN THE NUMBER OF SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK STATED ON THE FACE HEREOF PURSUANT TO SECTION 3(c)(iii) OF THE CERTIFICATE OF DESIGNATIONS RELATING TO THE SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE.

(iv) Pro Rata Conversion; Disputes. In the event that the Company receives a Conversion Notice from more than one Holder for the same Conversion Date and the Company can convert some, but not all, of such Preferred Shares submitted for conversion, the Company shall convert from each Holder electing to have Preferred Shares converted on such date a pro rata amount of such Holder's Preferred Shares submitted for conversion on such date based on the number of Preferred Shares submitted for conversion on such date by such Holder relative to the aggregate number of Preferred Shares submitted for conversion on such date. In the event of a dispute as to the number of Conversion Shares issuable to a Holder in connection with a conversion of Preferred Shares, the Company shall issue to such Holder the number of Conversion Shares not in dispute and resolve such dispute in accordance with Section 20.

(d) Limitation on Beneficial Ownership. The Company shall not effect the conversion of any of the Preferred Shares held by a Holder, and such Holder shall not have the right to convert any of the Preferred Shares held by such Holder pursuant to the terms and conditions of this Certificate of Designations and any such conversion shall be null and void and treated as if never made, to the extent that after giving effect to such conversion, such Holder together with its Attribution Parties collectively would beneficially own in excess of the percentage contemplated on such Holder's signature page to the Securities Purchase Agreement (the **"Maximum Percentage"**) of the shares of Common Stock outstanding immediately after giving effect to such conversion. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by such Holder and its Attribution Parties shall include the number of shares of Common Stock held by such Holder and all of its Attribution Parties plus the number of shares of Common Stock issuable upon conversion of the Preferred Shares with respect to which the determination of such sentence is being made, but shall exclude shares of Common Stock which would be issuable upon (A) conversion of the remaining, nonconverted Preferred Shares beneficially owned by such Holder or any of its Attribution Parties and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any convertible notes, convertible preferred stock or warrants, including the Preferred Shares) beneficially owned by such Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 3(d). For purposes of this Section 3(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act For the avoidance of doubt, the calculation of the Maximum Percentage shall take into account the concurrent exercise and/or conversion, as applicable, of the unexercised or unconverted portion of any other securities of the Company beneficially owned by such Holder and/or any other Attribution Party, as applicable. For purposes of determining the number of outstanding shares of Common Stock a Holder may acquire upon the conversion of such Preferred Shares without exceeding the Maximum Percentage, such Holder may rely on the number of outstanding shares of Common Stock as reflected in (x) the Company's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other public filing with 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, if any, setting forth the number of shares of Common Stock outstanding (the **"Reported Outstanding Share Number"**). If the Company receives a Conversion Notice from a Holder at a time when the actual number of outstanding shares of Common Stock is less than the Reported Outstanding Share Number, the Company shall notify such Holder in writing of the number of shares of Common Stock then outstanding and, to the extent that such Conversion Notice would otherwise cause such Holder's beneficial ownership, as determined pursuant to this Section 3(d), to exceed the Maximum Percentage, such Holder must notify the Company of a reduced number of shares of Common Stock to be purchased pursuant to such Conversion Notice. For any reason at any time, upon the written or oral request of any Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including such Preferred Shares, by such 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 shares of Common Stock to a Holder upon conversion of such Preferred Shares results in such Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding shares of Common Stock (as determined under Section 13(d) of the 1934 Act), the number of shares so issued by which such 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 such Holder shall not have the power to vote or to transfer the Excess Shares. Upon delivery of a written notice to the Company, any Holder may from time to time increase (with such increase not effective until the sixty-first (61^{st}) day after delivery of such notice) or decrease the Maximum Percentage of such Holder 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 (61^{st}) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to such Holder and its Attribution Parties and not to any other Holder that is not an Attribution Party of such Holder. For purposes of clarity, the shares of Common Stock issuable to a Holder pursuant to the terms of this Certificate of Designations in excess of the Maximum Percentage shall not be deemed to be beneficially owned by such 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 convert such Preferred Shares pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of convertibility. The provisions of this paragraph shall not be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 3(d) 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 3(d) 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 amended, modified or waived and shall apply to each successor holder of such Preferred Shares.

4. Rights Upon Fundamental Transactions.[1]

(a) Assumption. Upon the occurrence of any Fundamental Transaction, other than a Fundamental Transaction consummated solely in cash, the Successor Entity shall succeed to, and (if the successor entity is not the Company) be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designations and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Certificate of Designations and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein and therein. In addition to the foregoing, upon consummation of a Fundamental Transaction, the Successor Entity shall deliver to each Holder confirmation that there shall be issued upon conversion of the Preferred Shares at any time after the consummation of such Fundamental Transaction, in lieu of the shares of Common Stock (or other securities, cash, assets or other property) issuable upon the conversion of the Preferred Shares prior to such Fundamental Transaction, such securities, cash, assets or other property which each Holder would have been entitled to receive upon the happening of such Fundamental Transaction had all the Preferred Shares held by each Holder been converted immediately prior to such Fundamental Transaction (without regard to any limitations on the conversion of the Preferred Shares contained in this Certificate of Designations), as adjusted in accordance with the provisions of this Certificate of Designations. The provisions of this Section 4 shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations on the conversion or redemption of the Preferred Shares.

[1] See 5(b) below for provisions related to Alternate Consideration.

5. Rights Upon Issuance of Purchase Rights and Other Corporate Events.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 6 and Section 11 below, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to all or substantially all of the record holders of any class of Common Stock (the **"Purchase Rights"**), then each Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete conversion of all the Preferred Shares (without taking into account any limitations or restrictions on the convertibility of the Preferred Shares and assuming for such purpose that all the Preferred Shares were converted at the Conversion Price as of the applicable record date) held by such Holder immediately prior to 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 shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights; provided, however, to the extent that such Holder's right to participate in any such Purchase Right would result in such Holder and the other Attribution Parties exceeding the Maximum Percentage, then such Holder shall not be entitled to participate in such Purchase Right to such extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Purchase Right (and beneficial ownership) to such extent of any such excess) and such Purchase Right to such extent shall be held in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable) for the benefit of such Holder until the earlier of (i) such time or times, if ever, as its right thereto would not result in such Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times such 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 (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable)) to the same extent as if there had been no such limitation and (ii) the twelve (12) month anniversary of 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 shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Other Corporate Events. Without duplication of any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive cash, securities or other assets with respect to or in exchange for shares of Common Stock (a **"Corporate Event"**), the Company shall make appropriate provision to ensure that each Holder will thereafter have the right to receive upon a conversion of all the Preferred Shares held by such Holder such cash, securities or other assets to which such Holder would have been entitled with respect to such shares of Common Stock had such shares of Common Stock been held by such Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of the Preferred Shares set forth in this Certificate of Designations). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Required Holders. The provisions of this Section 5 shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion or redemption of the Preferred Shares set forth in this Certificate of Designations.

6. Rights Upon Issuance of Other Securities.

(a) Adjustment of Conversion Price upon Subdivision or Combination of Common Stock. Without limiting any provision of Section 4 or Section 6, if the Company at any time on or after the Subscription Date subdivides (by any stock split, stock dividend, stock combination, recapitalization or other similar transaction) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision will be proportionately reduced. Without limiting any provision of Section 4 or Section 6, if the Company at any time on or after the Subscription Date combines (by any stock split, stock dividend, stock combination, recapitalization or other similar transaction) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination will be proportionately increased. Any adjustment pursuant to this Section 6 shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this Section 6 occurs during the period that a Conversion Price is calculated hereunder, then the calculation of such Conversion Price shall be adjusted appropriately to reflect such event.

(b) Calculations. All calculations under this Section 6 shall be made by rounding to the nearest cent or the nearest $1/100^{th}$ of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(c) Voluntary Adjustment by Company. Subject to the rules and regulations of the Principal Market, the Company may at any time any Preferred Shares remain outstanding, with the prior written consent of the Required Holders, reduce the then current Conversion Price to any amount and for any period of time deemed appropriate by the Board.

7. Noncircumvention. The Company hereby covenants and agrees that the Company will not, by amendment of its Articles of Incorporation (as defined in the Securities Purchase Agreement), Bylaws (as defined in the Securities Purchase Agreement) 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 Certificate of Designations, and will at all times in good faith carry out all the provisions of this Certificate of Designations and take all action as may be required to protect the rights of the Holders hereunder. Without limiting the generality of the foregoing or any other provision of this Certificate of Designations or the other Transaction Documents, the Company (a) shall not increase the par value of any shares of Common Stock receivable upon the conversion of any Preferred Shares above the Conversion Price then in effect, (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon the conversion of Preferred Shares and (c) shall, so long as any Preferred Shares are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Preferred Shares, the maximum number of shares of Common Stock as shall from time to time be necessary to effect the conversion of the Preferred Shares then outstanding (without regard to any limitations on conversion contained herein). Notwithstanding anything herein to the contrary, if after the sixty (60) calendar day anniversary of the Initial Issuance Date, each Holder is not permitted to convert such Holder's Preferred Shares in full for any reason (other than pursuant to restrictions set forth in Section 3(d) hereof), the Company shall use its best efforts to promptly remedy such failure, including, without limitation, obtaining such consents or approvals as necessary to effect such conversion into shares of Common Stock.

8. Authorized Shares.

(a) Reservation. So long as any Preferred Shares remain outstanding, the Company shall at all times reserve at least 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the conversion of all of the Preferred Shares then outstanding (without regard to any limitations on conversions) (the **"Required Reserve Amount"**). The Required Reserve Amount (including, without limitation, each increase in the number of shares so reserved) shall be allocated pro rata among the Holders based on the number of the Preferred Shares held by each Holder on the Initial Issuance Date or increase in the number of reserved shares, as the case may be (the **"Authorized Share Allocation"**). In the event that a Holder shall sell or otherwise transfer any of such Holder's Preferred Shares, each transferee shall be allocated a pro rata portion of such Holder's Authorized Share Allocation. Any shares of Common Stock reserved and allocated to any Person which ceases to hold any Preferred Shares shall be allocated to the remaining Holders of Preferred Shares, pro rata based on the number of the Preferred Shares then held by the Holders. Notwithstanding the foregoing, a Holder may allocate its Authorized Share Allocation to any other of the securities of the Company held by such Holder (or any of its designees) by delivery of a written notice to the Company.

(b) Insufficient Authorized Shares. If, notwithstanding Section 8(a) and not in limitation thereof, at any time while any of the Preferred Shares remain outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon conversion of the Preferred Shares at least a number of shares of Common Stock equal to the Required Reserve Amount (an **"Authorized Share Failure"**), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Preferred Shares 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 one-hundred twenty (120) days after the occurrence of such Authorized Share Failure (the **"Shareholder Approval Deadline"**), the Company shall hold a meeting of its shareholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each shareholder with a proxy statement and shall use its reasonable best efforts to solicit its shareholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the shareholders that they approve such proposal (or, if a majority of the voting power then in effect of the capital stock of the Company consents in writing to such increase, in lieu of such proxy statement, deliver to the shareholders of the Company an information statement on Schedule 14C that has been filed with (and either approved by or not subject to comments from) the SEC with respect thereto). Notwithstanding the foregoing, if at any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of the shares of its issued and outstanding shares of Common Stock to approve the increase in the number of authorized shares of Common Stock, the Company may satisfy this obligation by obtaining such consent and submitting for tiling with the SEC an Information Statement on Schedule 14C. In the event that after such Shareholder Approval Deadline, the Company is prohibited from issuing shares of Common Stock to a Holder upon any conversion due to the failure by the Company to have sufficient shares of Common Stock available out of the authorized but unissued shares of Common Stock (such unavailable number of shares of Common Stock, the **"Authorized Failure Shares"**), at any time after the Shareholder Approval Deadline (to the extent any Authorized Share Failure exists as of such time of determination) in lieu of delivering such Authorized Failure Shares to such Holder, the Company shall pay cash in exchange for the redemption of such portion of the Conversion Amount of the Preferred Shares convertible into such Authorized Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorized Failure Shares and (y) the average VWAP of the Common Stock during the period commencing on the date such Holder delivers the applicable Conversion Notice with respect to such Authorized Failure Shares to the Company and ending on the applicable Share Delivery Deadline; and (ii) to the extent such Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of Authorized Failure Shares, any brokerage commissions and other out-of-pocket expenses, if any, of such Holder incurred in connection therewith. Nothing contained in Section 8(a) or this Section 8(b) shall limit any obligations of the Company under any provision of the Securities Purchase Agreement or Registration Rights Agreement.

9. Voting Rights. Each Holder of outstanding Preferred Shares will have the voting rights as described in this Section 9, subject to the restrictions provided in this Certificate of Designation. At all times, the Holders of the Preferred Shares shall be entitled to notice of any shareholders' meeting and to vote together with the class of shareholders of Common Stock, as a single class, as of each record date established by the Board of Directors of the Company (each, a **"Record Date"**), except as provided by law, or by written consent in lieu thereof (**"Written Consent"**).

(a) Notwithstanding the conversion provisions set forth in Section 3 above, for so long as any Preferred Shares remain issued and outstanding, and subject to the Maximum Percentage limitation defined above, the holders of each Preferred Share shall have the right to vote together with the shares of Common Stock in an amount equal to the voting power of the aggregate number of shares of Common Stock that would be issuable to such holder upon conversion of such Preferred Share as if the Conversion Price of such Preferred Share was $1.255 (the **"Voting Conversion Price"**), such that each Preferred Share shall be entitled to vote, with the aggregate voting power of a Holder's Preferred Shares limited by the Maximum Percentage.

(b) Notwithstanding the provisions set forth in Section 3, 4 and 6 above, if the Company at any time on or after the Subscription Date subdivides (by any stock split, stock dividend, stock combination, recapitalization or other similar transaction) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Voting Conversion Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company at any time on or after the Subscription Date combines (by any stock split, stock dividend, stock combination, recapitalization or other similar transaction) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Voting Conversion Price in effect immediately prior to such combination will be proportionately increased in accordance with Section 6 above.

(c) To the extent that under the NRS the vote of the holders of the Preferred Shares, voting separately as a class or series, as applicable, is required to authorize a given action of the Company, the affirmative vote or consent of the Required Holders (as defined in the Securities Purchase Agreement), voting together in the aggregate and not in separate series unless required under the NRS, represented at a duly held meeting at which a quorum is presented or by written consent of the Required Holders (except as otherwise may be required under the NRS). voting together in the aggregate and not in separate series unless required under the NRS, shall constitute the approval of such action by both the class or the series, as applicable.

10. Liquidation. Dissolution, Winding-Up. In the event of a Liquidation Event, the Holders shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings available for distribution to its shareholders (the **"Liquidation Funds"**), the amount per share such Holder would receive if such Holder converted such Preferred Share into Common Stock immediately prior to the date of such payment (without regard to any limitation on conversion set forth herein). Upon payment of such amount in full on the outstanding Series A Convertible Preferred Stock, Holders of the Series A Convertible Preferred Stock will have no rights to the Company's remaining assets or funds, if any.

11. Distribution of Assets. In addition to any adjustments pursuant to Section 5 and Section 6, if the Company shall declare or make any dividend or other distributions of its assets (or rights to acquire its assets) to any or all holders of shares of Common Stock, by way of return of capital or otherwise (including without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (other than a stock dividend to which Section 6 applies) (the **"Distributions"**), then each Holder, as holders of Preferred Shares, will be entitled to such Distributions as if such Holder had held the number of shares of Common Stock acquirable upon complete conversion of the Preferred Shares (without taking into account any limitations or restrictions on the convertibility of the Preferred Shares and assuming for such purpose that the Preferred Share was converted at the Conversion Price as of the applicable record date) immediately prior to the date on which a record is taken for such Distribution or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for such Distributions (provided, however, that to the extent that such Holder's right to participate in any such Distribution would result in such Holder and its Attribution Parties exceeding the Maximum Percentage, then such Holder shall not be entitled to participate in such Distribution to such extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Distribution (and beneficial ownership) to such extent of any such excess) and the portion of such Distribution shall be held in abeyance for the benefit of such Holder until such time or times as its right thereto would not result in such Holder and its Attribution Parties exceeding the Maximum Percentage, at which time or times, if any, such 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).

12. Vote to Change the Terms of or Issue Preferred Shares. In addition to any other rights provided by law, except where the vote or written consent of the holders of a greater number of shares is required by law or by another provision of the Articles of Incorporation, without first obtaining the affirmative vote at a meeting duly called for such purpose or the written consent without a meeting of the Required Holders, voting together as a single class, the Company shall not: (a) amend, modify or repeal any provision of, or add any provision to, its Articles of Incorporation or Bylaws, or file any certificate of designations or articles of amendment of any series of shares of preferred stock, if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit of the Preferred Shares hereunder, regardless of whether any such action shall be by means of amendment to the Articles of Incorporation or by merger, consolidation or otherwise; (b) increase or decrease (other than by conversion) the authorized number of Preferred Shares; (c) issue any Preferred Shares other than as contemplated hereby or pursuant to the Securities Purchase Agreement; or (d) without limiting any provision of Section 7, whether or not prohibited by the terms of the Preferred Shares, circumvent a right of the Preferred Shares hereunder.

13. Tax Treatment. Notwithstanding anything to the contrary in this Certificate of Designations, for U.S. federal and other applicable state and local income tax purposes, it is intended that the Preferred Shares will not be treated as "preferred stock" within the meaning of Section 305 of the Code and Treasury Regulations promulgated thereunder. The Company will, and will cause its Subsidiaries and agents to, report consistently with, and take no position or actions inconsistent with, the foregoing treatment, unless required by a determination within the meaning of Section 1313(a) of the Code.

14. Transfer of Preferred Shares. A Holder may transfer some or all of its Preferred Shares without the consent of the Company except as may otherwise be required by Section 2(i) of the Securities Purchase Agreement.

15. Reissuance of Preferred Share Certificates and Book Entries.

(a) Transfer. If any Preferred Shares are to be transferred, the applicable Holder shall surrender the applicable Preferred Share Certificate to the Company (or, if the Preferred Shares are held in Book-Entry form, a written instruction letter to the Company), whereupon the Company will forthwith issue and deliver upon the order of such Holder a new Preferred Share Certificate (in accordance with Section 15(c)) (or evidence of the transfer of such Book-Entry), registered as such Holder may request, representing the outstanding number of Preferred Shares being transferred by such Holder and, if less than the entire outstanding number of Preferred Shares is being transferred, a new Preferred Share Certificate (in accordance with Section 15(c)) to such Holder representing the outstanding number of Preferred Shares not being transferred (or evidence of such remaining Preferred Shares in a Book-Entry for such Holder). Such Holder and any assignee, by acceptance of the Preferred Share Certificate or evidence of Book-Entry issuance, as applicable, acknowledge and agree that, by reason of the provisions of Section 3(c)(i) following conversion or redemption of any of the Preferred Shares, the outstanding number of Preferred Shares represented by the Preferred Shares may be less than the number of Preferred Shares stated on the face of the Preferred Shares.

(b) Lost. Stolen or Mutilated Preferred Share Certificate. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of a Preferred Share Certificate (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the applicable Holder to the Company in customary and reasonable form and. in the case of mutilation, upon surrender and cancellation of such Preferred Share Certificate, the Company shall execute and deliver to such Holder a new Preferred Share Certificate (in accordance with Section 15(c)) representing the applicable outstanding number of Preferred Shares.

(c) Preferred Share Certificate and Book-Entries Exchangeable for Different Denominations and Forms. Each Preferred Share Certificate is exchangeable, upon the surrender hereof by the applicable Holder at the principal office of the Company, for a new Preferred Share Certificate or Preferred Share Certificate(s) or new Book-Entry (in accordance with Section 15(c)) representing, in the aggregate, the outstanding number of the Preferred Shares in the original Preferred Share Certificate, and each such new Preferred Share Certificate and/or new Book-Entry, as applicable, will represent such portion of such outstanding number of Preferred Shares from the original Preferred Share Certificate as is designated in writing by such Holder at the time of such surrender. Each Book-Entry may be exchanged into one or more new Preferred Share Certificates or split by the applicable Holder by delivery of a written notice to the Company into two or more new Book-Entries (in accordance with Section 15(c)) representing, in the aggregate, the outstanding number of the Preferred Shares in the original Book-Entry, and each such new Book-Entry and/or new Preferred Share Certificate, as applicable, will represent such portion of such outstanding number of Preferred Shares from the original Book-Entry as is designated in writing by such Holder at the time of such surrender.

(d) Issuance of New Preferred Share Certificate or Book-Entry. Whenever the Company is required to issue a new Preferred Share Certificate or a new Book-Entry pursuant to the terms of this Certificate of Designations, such new Preferred Share Certificate or new Book-Entry (i) shall represent, as indicated on the face of such Preferred Share Certificate or in such Book-Entry, as applicable, the number of Preferred Shares remaining outstanding (or in the case of a new Preferred Share Certificate or new Book-Entry being issued pursuant to Section 15 or Section 15(b), the number of Preferred Shares designated by such Holder) which, when added to the number of Preferred Shares represented by the other new Preferred Share Certificates or other new Book-Entry, as applicable, issued in connection with such issuance, does not exceed the number of Preferred Shares remaining outstanding under the original Preferred Share Certificate or original Book-Entry, as applicable, immediately prior to such issuance of new Preferred Share Certificate or new Book-Entry, as applicable, and (ii) shall have an issuance date, as indicated on the face of such new Preferred Share Certificate or in such new Book-Entry, as applicable, which is the same as the issuance date of the original Preferred Share Certificate or in such original Book-Entry, as applicable.

16. Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Certificate of Designations shall be cumulative and in addition to all other remedies available under this Certificate of Designations and any of the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit any Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Certificate of Designations. No failure on the part of a Holder to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by such Holder of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. In addition, the exercise of any right or remedy of a Holder at law or equity or under this Certificate of Designations or any of the documents shall not be deemed to be an election of such Holder's rights or remedies under such documents or at law or equity. The Company covenants to each Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by a Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). No failure on the part of a Holder to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by such Holder of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. In addition, the exercise of any right or remedy of any Holder at law or equity or under Preferred Shares or any of the documents shall not be deemed to be an election of such Holder's rights or remedies under such documents or at law or equity. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holders 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, each Holder shall be entitled, in addition to all other available remedies, to specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The Company shall provide all information and documentation to a Holder that is requested by such Holder to enable such Holder to confirm the Company's compliance with the terms and conditions of this Certificate of Designations.

17. Payment of Collection, Enforcement and Other Costs. If (a) any Preferred Shares are placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or a Holder otherwise takes action to collect amounts due under this Certificate of Designations with respect to the Preferred Shares or to enforce the provisions of this Certificate of Designations (with respect to any proceeding in any court or other similar authority, solely to the extent such Holder is the prevailing party in such matter) or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Certificate of Designations, then the Company shall pay the reasonable and documented costs incurred by such Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, reasonable and documented attorneys' fees and disbursements. The Company expressly acknowledges and agrees that no amounts due under this Certificate of Designations with respect to any Preferred Shares shall be affected, or limited, by the fact that the purchase price paid for each Preferred Share was less than the original Stated Value thereof.

18. Construction: Headings. This Certificate of Designations shall be deemed to be jointly drafted by the Company and the Holders and shall not be construed against any such Person as the drafter hereof. The headings of this Certificate of Designations are for convenience of reference and shall not form part of, or affect the interpretation of, this Certificate of Designations. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Certificate of Designations instead of just the provision in which they are found. Unless expressly indicated otherwise, all section references are to sections of this Certificate of Designations. Terms used in this Certificate of Designations and not otherwise defined herein, but defined in the other Transaction Documents, shall have the meanings ascribed to such terms on the Initial Issuance Date in such other Transaction Documents unless otherwise consented to in writing by the Required Holders.

19. Failure or Indulgence Not Waiver. No failure or delay on the part of a Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. This Certificate of Designations shall be deemed to be jointly drafted by the Company and all Holders and shall not be construed against any Person as the drafter hereof. Notwithstanding the foregoing, nothing contained in this Section 19 shall permit any waiver of any provision of Section 3(d).

20. Dispute Resolution.

(a) Submission to Dispute Resolution.

(i) In the case of a dispute relating to a Conversion Price or VWAP or a fair market value or the arithmetic calculation of a Conversion Rate, or the applicable redemption price (as the case may be) (including, without limitation, a dispute relating to the determination of any of the foregoing), the Company or the applicable Holder (as the case may be) shall submit the dispute to the other party via electronic mail (A) if by the Company, within two (2) Business Days after the occurrence of the circumstances giving rise to such dispute or (B) if by such Holder at any time after such Holder learned of the circumstances giving rise to such dispute. If such Holder and the Company are unable to promptly resolve such dispute relating to such Conversion Price, such VWAP or such fair market value, or the arithmetic calculation of such Conversion Rate or such applicable redemption price (as the case may be), at any time after the second (2^{nd}) Business Day following such initial notice by the Company or such Holder (as the case may be) of such dispute to the Company or such Holder (as the case may be), then such Holder may, with the consent of the Company (not to be unreasonably withheld, conditioned or delayed), select an independent, reputable investment bank to resolve such dispute.

(ii) Such Holder and the Company shall each deliver to such investment bank (A) a copy of the initial dispute submission so delivered in accordance with the first sentence of this Section 20 and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (New York time) by the fifth (5^{th}) Business Day immediately following the date on which such Holder selected such investment bank (the **"Dispute Submission Deadline"**) (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the **"Required Dispute Documentation"**) (it being understood and agreed that if either such Holder or the Company fails to so deliver all of the Required Dispute Documentation by the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Company and such Holder or otherwise requested by such investment bank, neither the Company nor such Holder shall be entitled to deliver or submit any written documentation or other support to such investment bank in connection with such dispute (other than the Required Dispute Documentation).

(iii) The Company and such Holder shall cause such investment bank to determine the resolution of such dispute and notify the Company and such Holder of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank shall be borne solely by the Company, and such investment bank's resolution of such dispute shall be final and binding upon all parties absent manifest error.

(b) Miscellaneous. The Company expressly acknowledges and agrees that (i) this Section 20 constitutes an agreement to arbitrate between the Company and each Holder (and constitutes an arbitration agreement) under Chapter 38 of the Nevada Revised Statutes, as amended (or such applicable successor rule or regulation of Nevada) (ii) the terms of this Certificate of Designations and each other applicable Transaction Document shall serve as the basis for the selected investment bank's resolution of the applicable dispute, such investment bank shall be entitled (and is hereby expressly authorized) to make all findings, determinations and the like that such investment bank determines are required to be made by such investment bank in connection with its resolution of such dispute and in resolving such dispute such investment bank shall apply such findings, determinations and the like to the terms of this Certificate of Designations and any other applicable Transaction Documents, (iii) the applicable Holder (and only such Holder with respect to disputes solely relating to such Holder), in its sole discretion, shall have the right to submit any dispute described in this Section 20 to any state or federal court sitting in Carson City, Nevada, in lieu of utilizing the procedures set forth in this Section 20 and (iv) nothing in this Section 20 shall limit such Holder from obtaining any injunctive relief or other equitable remedies (including, without limitation, with respect to any matters described in this Section 20).

21. Notices; Currency; Payments.

(a) Notices. The Company shall provide each Holder of Preferred Shares with prompt written notice of all actions taken pursuant to the terms of this Certificate of Designations, including in reasonable detail a description of such action and the reason therefor. Whenever notice is required to be given under this Certificate of Designations, unless otherwise provided herein, such notice must be in writing and shall be given in accordance with Section 9(f) of the Securities Purchase Agreement. The Company shall provide each Holder with prompt written notice of all actions taken pursuant to this Certificate of Designations, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Company shall give written notice to each Holder (i) immediately upon any adjustment of the Conversion Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, or (B) for determining rights to vote with respect to any Fundamental Transaction, dissolution, liquidation, or amendment to this Certificate of Designations, 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 such Holder.

(b) Currency. All dollar amounts referred to in this Certificate of Designations are in United States Dollars (**"U.S. Dollars"**), and all amounts owing under this Certificate of Designations shall be paid in U.S. Dollars. All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. **"Exchange Rate"** means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Certificate of Designations, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the final date of such period of time).

(c) Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Certificate of Designations, unless otherwise expressly set forth herein, such payment shall be made in lawful money of the United States of America by wire transfer of immediately available funds pursuant to wire transfer instructions that Holder shall provide to the Company in writing from time to time. Whenever any amount expressed to be due by the terms of this Certificate of Designations is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day.

22. Waiver of Notice. To the extent permitted by law, the Company hereby irrevocably waives demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Certificate of Designations and the Securities Purchase Agreement.

23. Governing Law. This Certificate of Designations shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Certificate of Designations shall be governed by, the internal laws of the State of Nevada, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Nevada or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Nevada. Except as otherwise required by Section 20 above, the Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Carson City, Nevada, 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. 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 to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein (i) shall be deemed or operate to preclude any Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to such 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 such Holder or (ii) shall limit, or shall be deemed or construed to limit, any provision of Section 20 above. **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 CERTIFICATE OF DESIGNATIONS OR ANY TRANSACTION CONTEMPLATED HEREBY.**

24. Judgment Currency.

(a) If for the purpose of obtaining or enforcing judgment against the Company in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 24 referred to as the **"Judgment Currency"**) an amount due in U.S. dollars under this Certificate of Designations, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(i) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 24(a)(i) being hereinafter referred to as the **"Judgment Conversion Date"**).

(b) If in the case of any proceeding in the court of any jurisdiction referred to in Section 24(a)(i) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing on the date of payment, will produce the amount of US dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(a) Any amount due from the Company under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Certificate of Designations.

25. Severability. If any provision of this Certificate of Designations 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 Certificate of Designations so long as this Certificate of Designations as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

26. Maximum Payments. Without limitation Section 9(d) of the Securities Purchase Agreement, nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum permitted by such law. any payments in excess of such maximum shall be credited against amounts owed by the Company to the applicable Holder and thus refunded to the Company.

27. Shareholder Matters; Amendment.

(a) Shareholder Matters. Any shareholder action, approval or consent required, desired or otherwise sought by the Company pursuant to the NRS. the Articles of Incorporation, this Certificate of Designations or otherwise with respect to the issuance of Preferred Shares may be effected by written consent of the Company's shareholders or at a duly called meeting of the Company's shareholders, all in accordance with the applicable rules and regulations of the NRS. This provision is intended to comply with the applicable sections of the NRS permitting shareholder action, approval and consent affected by written consent in lieu of a meeting.

(b) Amendment. Except for Section 3(c)(iv) and this Section 27(b), which may not be amended, modified or waived hereunder, this Certificate of Designations or any provision hereof may be amended. modified or waived by obtaining the affirmative vote at a meeting duly called for such purpose, or written consent without a meeting in accordance with the NRS, of the Required Holders, voting separate as a single class, and with such other shareholder approval, if any, as may then be required pursuant to the NRS and the Articles of Incorporation.

28. Certain Defined Terms. For purposes of this Certificate of Designations, the following terms shall have the following meanings:

(a) **"1933 Act"** means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(b) **"1934 Act"** means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) **"Additional Amount"** means, as of the applicable date of determination, with respect to each Preferred Share, all declared and unpaid Dividends on such Preferred Share.

(d) **"Affiliate"** or **"Affiliated"** means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the stock having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(e) **"Attribution Parties"** means, with respect to any Holder, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Initial Issuance Date, directly or indirectly managed or advised by such Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of such Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with such Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Company's Common Stock would or could be aggregated with such Holder's and its Attribution Parties for purposes of Section 13(d) of the 1934 Act, including shares held by any "group" of which the Holder is a member. For clarity, the purpose of the foregoing is to subject collectively such Holder and its Attribution Parties to the Maximum Percentage.

(f) **"Bloomberg"** means Bloomberg, L.P.

(g) **"Book-Entry"** means each entry on the Register evidencing one or more Preferred Shares held by a Holder in lieu of a Preferred Share Certificate issuable hereunder.

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

(i) [Intentionally Omitted]

(j) **"Closing Date"** shall have the meaning set forth in the Securities Purchase Agreement, which date is the date the Company initially issued the Preferred Shares pursuant to the terms of the Securities Purchase Agreement.

(k) **"Code"** means the Internal Revenue Code of 1986, as amended.

(l) **"Common Stock"** means (i) the Company's shares of common stock, $0.0001 par value per share, and (ii) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(m) **"Convertible Securities"** means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Common Stock.

(n) **"Eligible Market"** means The New York Stock Exchange, the NYSE American, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market.

(a) **"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 Common Stock 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 shares of Common Stock, (y) 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock 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 shares of Common Stock 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 shares of Common Stock, or (iv) consummate a stock or share 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 in any transaction or series of related transactions, either (x) at least 50% of the outstanding shares of Common Stock, (y) at least 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock 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 shares of Common Stock 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 shares of Common Stock, or (v) reorganize, recapitalize or reclassify its Common Stock, (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 shares of Common Stock, 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 Common Stock, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Stock not held by all such Subject Entities as of the date of this Certificate of Designations calculated as if any shares of Common Stock held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock 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 shareholders of the Company to surrender their shares of Common Stock without approval of the shareholders of the Company or (C) 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.

(o) **"GAAP"** means United States generally accepted accounting principles, consistently applied.

(p) **"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.

(q) **"Governmental Authority"** means any federal, foreign, state, county, municipal, provincial, or local governmental authority, court, judicial body, arbitration tribunal, government or self-regulatory organization, commission, tribunal or organization, or any regulatory, administrative, or other agency, or any political or other subdivision, department, commission, board, bureau, branch, division, ministry, or instrumentality of any of the foregoing.

(r) **"Liquidation Event"** means, whether in a single transaction or series of transactions, the voluntary or involuntary liquidation, dissolution or winding up of the Company or such Subsidiaries the assets of which constitute all or substantially all of the assets of the business of the Company and its Subsidiaries, taken as a whole.

(s) **"Options"** means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(t) **"Parent Entity"** of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(u) **"Person"** means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(v) **"Principal Market"** means the NYSE American.

(w) **"Registration Rights Agreement"** means that certain registration rights agreement, dated as of the Closing Date, by and among the Company and the initial holders of the Preferred Shares relating to, among other things, the registration of the resale of the Common Stock issuable upon conversion of the Preferred Shares or otherwise pursuant to the terms of this Certificate of Designations as may be amended from time to time.

(x) **"Required Holders"** means Required Holders as defined in the Securities Purchase Agreement.

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

(z) **"Securities Purchase Agreement"** means that certain securities purchase agreement by and among the Company and the initial holders of Preferred Shares, dated as of the Subscription Date, as may be amended from time in accordance with the terms thereof.

(aa) **"Stated Value"** shall mean $1,000 per share, subject to adjustment for stock splits, stock dividends, recapitalizations, reorganizations, reclassifications, combinations, subdivisions or other similar events occurring after the Initial Issuance Date with respect to the Preferred Shares.

(bb) **"Subscription Date"** means _____, 20__.

(cc) **"Subject Entity"** means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(dd) **"Subsidiaries"** shall have the meaning as set forth in the Securities Purchase Agreement

(ee) **"Successor Entity"** means the Person (or, if so elected by the Required Holders, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Required Holders, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(ff) **"Trading Day"** means, as applicable, (x) with respect to all price or trading volume determinations relating to the Common Stock, any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the applicable Holder or (y) with respect to all determinations other than price determinations relating to the Common Stock, any day on which The New York Stock Exchange (or any successor thereto) is open for trading of securities.

(gg) **"Transaction Documents"** means the Securities Purchase Agreement, the Registration Rights Agreement, this Certificate of Designations and each of the other agreements and instruments entered into or delivered by the Company or any of the Holders in connection with the transactions contemplated by the Securities Purchase Agreement, all as may be amended from time to time in accordance with the terms thereof.

(hh) **"VWAP"** means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded), during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg through its "VAP" function (set to 09:30 start time and 16:00 end time) 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, and ending at 4:00 p.m., New York time, 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 Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Company and the Required Holders. If the Company and the Required Holders are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 20. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, recapitalization or other similar transaction during such period.

29. Disclosure. Upon receipt or delivery by the Company of any notice in accordance with the terms of this Certificate of Designations, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall on or prior to 9:00 am, New York city time on the Business Day immediately following such notice delivery date, publicly disclose such material, non-public information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company so shall indicate to the Holder explicitly in writing in such notice (or immediately upon receipt of notice from such Holder, as applicable), and in the absence of any such written indication in such notice (or notification from the Company immediately upon receipt of notice from such Holder), such Holder shall be entitled to presume that information contained in the notice does not constitute material, non-public information relating to the Company or any of its Subsidiaries. Nothing contained in this Section 29 shall limit any obligations of the Company, or any rights of any Holder, under Section 4(i) of the Securities Purchase Agreement.

30. Absence of Trading and Disclosure Restrictions. The Company acknowledges and agrees that no Holder is a fiduciary or agent of the Company and that each Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by an officer of such Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an executed, written nondisclosure agreement, the Company acknowledges that each Holder may freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

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IN WITNESS WHEREOF, the Company has caused this Certificate of Designations of Series A Convertible Preferred Stock of Channel Therapeutics Corporation to be signed by its Chief Executive Officer on this 1st day of July, 2025.

CHANNEL THERAPEUTICS CORPORATION.

By: Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Executive Officer

EXHIBIT I

CHANNEL THERAPEUTICS CORPORATION
CONVERSION NOTICE

Reference is made to the Certificate of Designations of the Articles of Incorporation of Channel Therapeutics Corporation, a Nevada corporation (the **"Company"**) establishing the terms, preferences and rights of the Series A Convertible Preferred Stock, $0.0001 par value (the **"Preferred Shares"**) of the Company (the **"Certificate of Designations"**). In accordance with and pursuant to the Certificate of Designations, the undersigned hereby elects to convert the number of Preferred Shares indicated below into shares of common stock, $0.0001 par value per share (the **"Common Stock"**), of the Company, as of the date specified below.

Date of Conversion: _____

Aggregate number of Preferred Shares to be converted: _____

Aggregate Stated Value of such Preferred Shares to be converted: _____

Aggregate accrued and unpaid Dividends with respect to such Preferred Shares to be converted: _____

AGGREGATE CONVERSION AMOUNT TO BE CONVERTED: _____

Please confirm the following information:

Conversion Price: _____

Number of shares of Common Stock to be issued: _____

Notwithstanding anything to the contrary contained herein, this Conversion Notice shall constitute a representation by the Holder of the Preferred Shares submitting this Conversion Notice that after giving effect to the conversion provided for in this Conversion Notice, such Holder (together with its affiliates and Attribution Parties) will not have beneficial ownership (together with the beneficial ownership of such Person's affiliates and Attribution Parties) of a number of shares of Common Stock which exceeds the Maximum Percentage (as defined in the Certificate of Designations) of the total outstanding shares of Common Stock of the Company as determined pursuant to the provisions of Section 4(d) of the Certificate of Designations.

Please issue the Common Stock into which the applicable Preferred Shares are being converted to 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: _____

_____

_____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: _____

DTC Number: _____

Account Number: _____

Date: _____ __, ____

_____
Name of Registered Holder

By: _____
Name:
Title:

Tax ID: _____

E-mail Address:

EXHIBIT II

ACKNOWLEDGMENT

The Company hereby (a) acknowledges this Conversion Notice, (b) certifies that the above indicated number of shares of Common Stock [are][are not] eligible to be resold by the applicable Holder either (i) pursuant to Rule 144 (subject to such Holder's [and such Holder's executing broker's, if applicable,] execution and delivery to the Company of a customary 144 representation letter[s]) or (ii) an effective and available registration statement and (c) hereby directs _____ to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated _____, 20__ from the Company and acknowledged and agreed to by _____.

CHANNEL THERAPEUTICS CORPORATION

By: _____
Name:
Title:

Exhibit 3.4

BYLAWS

OF

PELTHOS THERAPEUTICS INC.,
a Nevada Corporation

ARTICLE I

CORPORATE OFFICES

Section 1.1 Principal Office. The principal office of Pelthos Therapeutics Inc., a Nevada corporation (the "Corporation"), shall be at such location within or without the State of Nevada as may be determined from time to time by resolution of the board of directors of the Corporation (the "Board of Directors").

Section 1.2 Other Offices. Other offices and places of business either within or without the State of Nevada may be established from time to time by resolution of the Board of Directors or as the business of the Corporation may require. The Corporation's resident agent and such agent's address in the State of Nevada shall be as determined by the Board of Directors from time to time.

ARTICLE II
STOCKHOLDERS

Section 2.1 Annual Meetings. The annual meeting of the stockholders of the Corporation will be held wholly or partially by means of remote communication or at such place, within or without the State of Nevada, on such date and at such time as may be determined by the Board of Directors, the Corporation's President, Chief Executive Officer or Chief Financial Officer, or the chairman of the Board of Directors (the "Chairman") and as will be designated in the notice of said meeting. The Board of Directors may, in its sole discretion, determine that a meeting will not be held at any place, but may instead be held solely by means of remote communication in accordance with Nevada Revised Statutes of the State of Nevada ("NRS") 78.320(4) and any applicable part of NRS Chapter 78 (the "Act"). The Board of Directors, the Corporation's President, Chief Executive Officer or Chief Financial Officer, or the Chairman may postpone, reschedule or cancel any previously scheduled annual meeting of stockholders of the Corporation ("stockholders"). At each annual meeting of the stockholders, the stockholders will elect the directors from the nominees for director, to succeed those directors whose terms expire at such meeting and will transact such other business, in each case as may be properly brought before the meeting in accordance with these Bylaws, the NRS and applicable rules and regulations.

Section 2.2 Special Meetings. Special meetings of the stockholders for any purpose or purposes, unless otherwise prescribed by applicable law or by the articles of incorporation of the Corporation, as may be amended, restated, modified or supplemented in the future from time to time (the "Articles of Incorporation"), may only be held wholly or partially by means of remote communication or at any place, within or without the State of Nevada, and may only be called by the Board of Directors, the Corporation's President, Chief Executive Officer or Chief Financial Officer, or the Chairman. Business transacted at any special meeting of stockholders will be limited to matters relating to the purpose or purposes stated in the notice of meeting. Those persons with the power to call a special meeting in accordance with this Section 2.2 of this Article II also have the power and authority to postpone, reschedule or cancel any previously scheduled special meeting of stockholders.

Section 2.3 Notice and Purpose of Meetings. Except as otherwise provided by applicable law, the Articles of Incorporation or these bylaws of the Corporation, as may be amended, restated, modified or supplemented in the future from time to time ("Bylaws"), written or printed notice of the meeting of the stockholders stating the place, day and hour of the meeting and, in case of a special meeting, stating the purpose or purposes for which the meeting is called, and in case of a meeting held by remote communication stating such means, will be delivered not less than ten nor more than 60 calendar days before the date of the meeting, either personally or by mail, to each stockholder of record entitled to vote at such meeting. Without limiting the manner by which notice otherwise may be given to stockholders, any notice will be effective if given by a form of electronic transmission consented to (in a manner consistent with the Act) by the stockholder to whom the notice is given. If notice is given by mail, such notice will be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. If notice is given by electronic transmission, such notice will be deemed given at the time specified in NRS 78.370.

Section 2.4 Adjournments. Any meeting of stockholders, whether an annual or special meeting, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.5 Quorum. Except as otherwise provided by applicable law, the Articles of Incorporation or these Bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of shares of stock having one-third of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, the stockholders so present may, by majority vote, adjourn the meeting from time to time in the manner provided in Section 2.4 of these Bylaws until a quorum shall attend. Shares of the Corporation's own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 2.6 Organization. Meetings of stockholders shall be presided over by the Chairman, if any, or in such person's absence by the Vice Chairman of the Board of Directors, if any, or in such person's absence by the Corporation's President or Chief Executive Officer, or in such person's absence by the Corporation's Chief Financial Officer or a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at such a meeting, the Secretary of the Corporation (the "Secretary") shall act as secretary of such meeting, but in such person's absence the chairman of such meeting may appoint any person to act as secretary of such meeting. The chairman of a meeting of stockholders shall announce at such meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote.

Section 2.7 Voting; Proxies. Except as otherwise provided by the Articles of Incorporation, or in any effective certificate of designation of preferred stock of the Corporation filed by the Corporation with the Secretary of State of the State of Nevada, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such holder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such holder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by delivering a proxy in accordance with applicable law bearing a later date to the Secretary. Voting at meetings of stockholders need not be by written ballot and, unless otherwise required by applicable law, need not be conducted by inspectors of election unless so determined by the holders of shares of stock having a majority of the votes cast by the holders of all outstanding shares of stock entitled to vote thereon which are present in person or by proxy at such meeting. At all meetings of stockholders for the election of directors, a plurality of the votes cast shall be sufficient to elect such directors. All other matters or questions shall, unless otherwise provided by applicable law, the Articles of Incorporation or these Bylaws, be decided by the majority of all of the votes cast by the holders of shares of stock entitled to vote thereon.

Section 2.8 Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by applicable law not be more than sixty nor less than ten days before the date of such meeting; (2) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (3) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day an which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action of the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by applicable law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (3) the record date for determining stockholder for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 2.9 List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. Upon the willful neglect or refusal of the directors to produce such a list at any meeting for the election of directors, they shall be ineligible for election to any office at such meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 2.10 Action By Written Consent of Stockholders. Unless otherwise restricted by the Articles of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of a majority of the outstanding stock of the Corporation entitled to vote thereon and shall be delivered (by hand or by certified or registered mail, return receipt requested) to the Corporation by delivery to its registered office in the State of Nevada, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of minutes of stockholders are recorded.

Section 2.11 Conduct of Meetings. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations, and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof, and (v) limitations on the time allowed to questions or comments by participants.

Section 2.12 Meetings Through Electronic Communications. Unless otherwise required by applicable law or the Articles of Incorporation, stockholders may participate in a meeting of the stockholders by any means of electronic communications, videoconferencing, teleconferencing or other available technology permitted under the NRS (including, without limitation, a telephone conference or similar method of communication by which all individuals participating in the meeting can hear each other) and utilized by the Corporation. If any such means are utilized, the Corporation shall, to the extent required under the NRS, implement reasonable measures to (a) verify the identity of each person participating through such means as a stockholder and (b) provide the stockholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to communicate, and to read or hear the proceedings of the meeting in a substantially concurrent manner with such proceedings. Participation in a meeting pursuant to this Section 2.12 constitutes presence in person at the meeting.

ARTICLE III
BOARD OF DIRECTORS

Section 3.1 Number; Qualifications. The Board of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors. Directors of the Corporation need not be stockholders.

Section 3.2 Election; Resignation; Removal; Vacancies. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect directors, each of whom shall hold office for a term ending on the date of the next annual meeting of the stockholders (or special meeting of stockholders called and held for such a purpose) following such director's appointment or election to the Board of Directors, or until such director's successor is duly elected and qualified. Any director may resign at any time upon written notice to the Corporation. Any newly created directorship or any vacancy occurring in the Board of Directors may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office (as set forth in this Section 3.2) of the director whom such director has replaced or until such director's successor is duly elected and qualified.

Section 3.3 Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Nevada and at such times as the Board of Directors may from time to time determine, and if so determined, notices thereof need not be given.

Section 3.4 Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Nevada whenever called by the President, Chief Executive Officer, Chief Financial Officer, any Vice President, the Secretary, or by any member of the Board of Directors. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting at least twenty-four hours before the special meeting.

Section 3.5 Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.5 shall constitute presence in person at such meeting. If any such means are utilized, the Corporation shall, to the extent required under the NRS, implement reasonable measures to (a) verify the identity of each person participating through such means as a member of the Board of Directors and (b) provide each such member a reasonable opportunity to participate in the meeting and to vote on matters at a meeting of the Board of Directors, including an opportunity to communicate, and to read or hear the proceedings of the meeting in a substantially concurrent manner with such proceedings.

Section 3.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of the whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the Articles of Incorporation or these Bylaws otherwise provide, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairman, if any, or in such person's absence by the Vice Chairman of the Board of Directors, if any, or in such person's absence by the President or Chief Executive Officer, or in their absence by a chairman chosen at the meeting. The Secretary shall act as secretary of such a meeting, but in such person's absence the chairman of such meeting may appoint any person to act as secretary of such meeting.

Section 3.8 Informal Action by Directors. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or such committee.

ARTICLE IV
COMMITTEES

Section 4.1 Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by applicable law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal, if any, of the Corporation to be affixed to all papers which may require it.

Section 4.2 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article III of these Bylaws.

ARTICLE V
OFFICERS

Section 5.1 Executive Officers; Election; Qualifications; Term of Office: Resignation; Removal; Vacancies. The Board of Directors shall elect a President, Treasurer and Secretary, and it may, if it so determines, choose a Chairman and a Vice Chairman of the Board of Directors from among its members. The Board of Directors may also choose a Chief Executive Officer, Chief Financial Officer, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, or such other officers as the Board of Directors shall determine. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding such person's election, and until such person's successor is elected and qualified or until such person's earlier resignation or removal. Any such officer may resign at any time upon written notice to the Corporation. The Board of Directors may remove any such officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation. Any number of offices of the Corporation may be held by the same person. Any vacancy occurring in any office of the Corporation by death, resignation, removal, or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting of the Board of Directors.

Section 5.2 Powers and Duties of Executive Officers. The officers of the Corporation shall have such powers and duties in the management of the Corporation as may be prescribed in a resolution by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent, or employee of the Corporation to give security for the faithful performance of such person's duties.

ARTICLE VI
STOCK

Section 6.1 Shares of Stock. The shares of capital stock of the Corporation shall be represented by a certificate or may be uncertificated, as determined from time to time by the Board of Directors without stockholder approval. Notwithstanding the adoption of uncertificated shares of capital stock of the Corporation, every holder of capital stock of the Corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate for shares of capital stock of the Corporation signed by, or in the name of the Corporation by, (a) the Chairman, the Chief Executive Officer or the President, and (b) the Chief Financial Officer, Treasurer or the Secretary, certifying the number of shares owned by such stockholder in the Corporation.

Section 6.2 Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 6.3 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 6.4 Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these Bylaws. Transfers of stock shall be made only on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 6.5 Regulations. The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with applicable law or these Bylaws, concerning the issue, transfer and registration of certificates for shares or uncertificated shares of the stock of the Corporation.

Section 6.6 Dividend Record Date. Subject to compliance with NRS 78.288 and 78.300, and the Articles of Incorporation and any effective certificate of designation of preferred stock of the Corporation, in order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days' prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6.7 Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by applicable law.

Section 6.8 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

Section 6.9 Consideration for Shares. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the Corporation including, without limitation, cash, services performed or other securities of the Corporation. When the Corporation receives the consideration for which the Board of Directors authorized the issuance of shares, such shares shall be fully paid and non-assessable (if non-assessable stock) and the stockholders shall not be liable to the Corporation or to its creditors in respect thereof.

Section 6.10 Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the NRS and the provisions of the Articles of Incorporation and any effective certificate of designation of preferred stock of the Corporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 3.8 hereof), and may be paid in cash or in property other than shares. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 7.2 Seal. The Corporation may, but is not required to, adopt a corporate seal. Any such seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.3 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any annual, regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

Section 7.4 Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contact or transaction, or solely because such person or persons votes are counted for such purpose, if: (1) the material facts as to such person's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to such person's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 7.5 Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time.

Section 7.6 Amendment of Bylaws. These Bylaws may be altered or repealed and new Bylaws made, by the Board of Directors, but the stockholders may make additional Bylaws and may alter and repeal any Bylaws whether adopted by them or otherwise.

[Signature Page Follows]

Dated: July 1, 2025

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Financial Officer

[Signature Page to Bylaws of Pelthos Therapeutics Inc.]

Exhibit 10.6

AMENDMENT NO. 1 TO SECURITIES PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 TO SECURITIES PURCHASE AGREEMENT (this "**Amendment**") is dated as of July 1, 2025, by and among Channel Therapeutics Corporation, a Nevada corporation (the "**Company**"), LNHC, Inc. a Delaware corporation (the "**Target**", and together with the Company, the "**BC Parties**"), and the undersigned (the "**Investor**"), and amends that certain Securities Purchase Agreement, dated as of April 16, 2025 (the "**Securities Purchase Agreement**"), by and among the BC Parties and each of the investors listed on the Schedule of Buyers attached thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement.

WHEREAS, the Company and the Investor desire to amend certain provisions of the Securities Purchase Agreement pursuant to Section 9(e) thereof.

WHEREAS, pursuant to Section 9(e) of the Securities Purchase Agreement, the BC Parties and the Required Holders may amend the terms of the Securities Purchase Agreement, which amendment shall be binding on all Buyers and holders of Securities.

WHEREAS, concurrently herewith, the Company has also requested that each other Buyer and each other New Buyer (as defined below), as applicable, if any, (each, an "**Other Investor**", and collectively, the "**Other Investors**") enter into amendments in form and substance identical to this Amendment (each, an "**Other Amendment**", and together with this Amendment, the "**Amendments**").

NOW, THEREFORE, in consideration of the covenants and agreements contained therein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Investor, intending to be legally bound, hereto agree as follows:

ARTICLE I

AMENDMENTS

SECTION 1.1. Amendments. As of the Effective Time (as defined below):

(a) The Schedule of Buyers to the Securities Purchase Agreement is hereby deleted in its entirety and replaced with **Exhibit A** (the "**Amended and Restated Schedule of Buyers**") attached hereto.

(b) Exhibit E to the Securities Purchase Agreement is hereby deleted in its entirety and replaced with **Exhibit B** (the "**Amended and Restated Registration Rights Agreement Exhibit**") attached hereto.

(c) The definition of "Transaction Documents" in the Securities Purchase Agreement is hereby amended to include the Amendments and the Joinders (as defined below).

ARTICLE II

NEW BUYERS AND JOINDER

SECTION 2.1. New Buyers; Joinder. As of the Effective Time, certain investors desire to become "Buyers" under the Securities Purchase Agreement (any such investor individually, a "**New Buyer**", and such investors collectively, the "**New Buyers**") with all of the rights and obligations of a Buyer under the Securities Purchase Agreement and the other Transaction Documents by executing and delivering to the Company one or more joinders substantially in the form attached hereto as **Exhibit C** (the "**Joinder**") and a signature page to the Securities Purchase Agreement. Effective as of the Effective Time, the Investor hereby consents to the amendment to the Securities Purchase Agreement to attach the signature page of each New Buyer thereto.

ARTICLE III

MISCELLANEOUS

SECTION 3.1. Acknowledgement; Ratification of Obligations. The Company and the Investor hereby confirm and agree that, except as set forth in Article I above, (i) the Securities Purchase Agreement and each other Transaction Documents are, and shall continue to be, in full force and effect, constitute legal and binding obligations of all parties thereto in accordance with its terms and are hereby ratified and confirmed in all respects, and (ii) the execution, delivery and effectiveness of this Amendment shall not operate as an amendment of any right, power or remedy of the Company or the Investor under any Transaction Document, nor constitute an amendment of any provision of any Transaction Document. This Amendment forms an integral and inseparable part of the Securities Purchase Agreement.

SECTION 3.2. Disclosure of Transactions and Other Material Information. Before 5:30 p.m., New York City time, on the fourth Business Day following the date of this Amendment, the Company shall file a Current Report on Form 8-K with the SEC describing the terms of the transactions contemplated by this Amendment in the form required by the Exchange Act and attaching the form of the Amendments as an exhibit to such filing (including all attachments, the "**8-K Filing**"). From and after the filing of the 8-K Filing with the SEC, the Investor shall not be in possession of any material, nonpublic information received from the Company, any of its Subsidiaries or any of their respective officers, directors, employees or agents, that is not disclosed in the 8-K Filing. In addition, upon the filing of the 8-K Filing, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement with respect to the transactions contemplated hereby or as otherwise disclosed in the 8-K Filing, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and the Investor or any of its affiliates, on the other hand, shall terminate. Neither the Company, its Subsidiaries nor the Investor shall issue any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, the Company shall be entitled, without the prior approval of the Investor, to issue a press release or make such other public disclosure with respect to such transactions (i) in substantial conformity with the 8-K Filing and contemporaneously therewith or (ii) as is required by applicable law and regulations (provided that in the case of clause (i) the Investor shall be consulted by the Company in connection with any such press release or other public disclosure prior to its release). Without the prior written consent of the Investor (which may be granted or withheld in the Investor's sole discretion), the Company shall not (and shall cause each of its Subsidiaries and affiliates to not) disclose the name of the Investor in any filing, announcement, release or otherwise.

SECTION 3.3. Independent Nature of Investor's Obligations and Rights. The obligations of the Investor under this Amendment or any other Transaction Document are several and not joint with the obligations of any Other Investor, and the Investor shall not be responsible in any way for the performance of the obligations of any Other Investor under any Transaction Document or Other Amendment. Nothing contained herein or in any Other Amendment or any other Transaction Document, and no action taken by the Investor pursuant hereto, shall be deemed to constitute the Investor and Other Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investor and Other Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Amendment, any Other Amendment or any other Transaction Document and the Company acknowledges that the Investor and the Other Investors are not acting in concert or as a group with respect to such obligations or the transactions contemplated by this Amendment, any Other Amendment and any other Transaction Document. The Company and the Investor confirm that the Investor has independently participated in the negotiation of the transactions contemplated hereby with the advice of its own counsel and advisors. The Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Amendment, any Other Amendment or out of any other Transaction Documents, and it shall not be necessary for any Other Investor to be joined as an additional party in any proceeding for such purpose.

SECTION 3.4. Most Favored Nation. The Company hereby represents and warrants as of the date hereof and covenants and agrees from and after the date hereof that none of the terms offered to any Other Investor (or any assignee thereof) with respect to any consent, release, amendment, settlement or waiver relating to the terms, conditions and transactions contemplated hereby, is or will be more favorable to such Other Investor than those of the Investor and this Amendment (each a "**Settlement Document**"). If, and whenever on or after the date hereof, the Company enters into a Settlement Document, then (i) the Company shall provide notice thereof to the Investor immediately following the occurrence thereof and (ii) the terms and conditions of this Amendment and the applicable Securities (other than any limitations on conversion or exercise set forth therein) shall be, without any further action by the Investor or the Company, automatically amended and modified in an economically and legally equivalent manner such that the Investor shall receive the benefit of the more favorable terms and/or conditions (as the case may be), provided that upon written notice to the Company at any time the Investor may elect not to accept the benefit of any such amended or modified term or condition, in which event the term or condition contained in this Amendment or the applicable Securities (as the case may be) shall apply to the Investor as it was in effect immediately prior to such amendment or modification as if such amendment or modification never occurred with respect to the Investor. The provisions of this Section 3.4 shall apply similarly and equally to each Settlement Document.

SECTION 3.5. Effectiveness. Article I of this Amendment shall become effective upon the later of (x) the due execution and delivery by each New Buyer and the Company of such applicable Joinder of such New Buyer, as applicable and (y) the execution and delivery by each Other Investor of the Other Amendment of such Other Investor (the "**Effective Time**").

SECTION 3.6. References. As of the Effective Time, all references to the "Agreement" (including "hereof," "herein," "hereunder," "hereby" and "this Agreement") in the Securities Purchase Agreement and the other Transaction Documents shall refer to the Securities Purchase Agreement as amended by this Amendment. Notwithstanding the foregoing, references to the date of the Securities Purchase Agreement (as amended hereby) and references in the Securities Purchase Agreement to "the date hereof," "the date of this Agreement" and terms of similar import shall in all instances continue to refer to June [__], 2025.

SECTION 3.7. Miscellaneous. Section 9 of the Securities Purchase Agreement is hereby incorporated by reference herein, *mutatis mutandis*.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to be duly executed as of the date first written above.

COMPANY:

CHANNEL THERAPEUTICS CORPORATION

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Executive Officer and Chief Financial Officer

IN WITNESS WHEREOF, the parties have caused their respective signature page to this Amendment to be duly executed as of the date first written above.

TARGET:

LNHC, INC.

By:/s/ Scott M. Plesha
Name: Scott M. Plesha
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused their respective signature page to this Amendment to be duly executed as of the date first written above.

INVESTOR:

[_____]

By: _____
Name:
Title:

EXHIBIT A

AMENDED AND RESTATED SCHEDULE OF BUYERS

(1)	(2)	(3)	(4)	(5)
Buyer	**Mailing Address and E-mail Address**	**Aggregate Number of Preferred Shares**	**Purchase Price**	**Legal Representative's Mailing Address and E-mail Address**

EXHIBIT B

EXHIBIT E

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**"), dated as of July 1, 2025, is by and among Channel Therapeutics Corporation, a Nevada corporation with offices located at 4400 Route 9 South, Suite 1000, Freehold, NJ 07728 (the "**Company**"), and the undersigned buyers (each, a "**Buyer**," and collectively, the "**Buyers**").

RECITALS

A. The Company is party to that certain Agreement and Plan of Merger by and among the Company, CHRO Merger Sub Inc., and LNHC, Inc. ("**LNHC**"), dated as of April 16, 2025 (the "**Merger Agreement**"), pursuant to which LNHC will become a wholly-owned subsidiary of the Company (the "**Merger**").

B. The Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, dated as of April 16, 2025 (the "**Securities Purchase Agreement**"), to issue and sell to each Buyer, immediately prior to the effective time of the Merger, the Preferred Shares (as defined in the Securities Purchase Agreement) which will be convertible into Conversion Shares (as defined in the Securities Purchase Agreement) in accordance with the terms of the Certificate of Designations (as defined in the Securities Purchase Agreement).

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

D. Pursuant to the Merger Agreement, Ligand will receive shares of Public Company Series A Preferred Stock (the "**Merger Shares**").

AGREEMENT

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

1. Definitions.

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

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

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

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

(d) "**Effectiveness Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), the earlier of the (A) 120th calendar day after the Closing Date (or the 150th calendar day if subject to a full review by the SEC) and (B) 5th Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the earlier of the (A) 120th calendar day (or the 150th calendar day if subject to a full review by the SEC) following the date on which the Company was required to file such additional Registration Statement and (B) 5th Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review. If the Effectiveness Deadline falls on a Saturday, Sunday or other day that the SEC is closed for business, the Effectiveness Deadline shall be extended to the next Business Day on which the SEC is open for business.

(e) "**Filing Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), the later of the 30th calendar day after the Closing Date and 15 calendar days after the due date (which shall include any extensions grated by a timely filed Form 12b-25) of the next periodic report required pursuant to Section 13 of the Exchange Act, and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the date on which the Company was required to file such additional Registration Statement pursuant to the terms of this Agreement.

(f) "**Investor**" means a Buyer or any transferee or assignee of any Registrable Securities, Preferred Shares to whom a Buyer assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee of any Registrable Securities, Preferred Shares assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9.

(g) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof.

(h) "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing one or more Registration Statements in compliance with the 1933 Act and pursuant to Rule 415 and the declaration of effectiveness of such Registration Statement(s) by the SEC.

(i) "**Registrable Securities**" means (i) the Conversion Shares, (ii) the Merger Shares, and (iii) any capital stock of the Company issued or issuable with respect to the Conversion Shares, the Preferred Shares and/or the Merger Shares, as applicable, including, without limitation, (1) as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise and (2) shares of capital stock of the Company into which the shares of Common Stock (as defined in the Certificate of Designations) are converted or exchanged and shares of capital stock of a Successor Entity (as defined in the Certificate of Designations) into which the shares of Common Stock are converted or exchanged, in each case, without regard to any limitations on conversion of the Preferred Shares; provided, however, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) upon the earliest to occur of (i) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the SEC under the 1933 Act and such Registrable Securities have been disposed of by the Buyer in accordance with such effective Registration Statement, or (ii) such Registrable Securities have been previously sold in accordance with Rule 144

(j) "**Registration Statement**" means a registration statement or registration statements of the Company filed under the 1933 Act covering Registrable Securities.

(k) "**Required Holders**" means, as of any given time, the holders of a majority of the Registrable Securities as of such time (excluding any Registrable Securities held by the Company or any of its Subsidiaries as of such time).

(l) "**Required Registration Amount**" means, as of any date of determination, 100% of (x) the Merger Shares and (y) the maximum number of Conversion Shares then issuable upon conversion of the Preferred Shares (assuming for purposes hereof that any such conversion shall not take into account any limitations on the conversion of the Preferred Shares set forth in the Certificate of Designations), subject to adjustment as provided in Section 2(d) and/or Section 2(f).

(m) "**Rule 144**" means Rule 144 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration.

(n) "**Rule 415**" means Rule 415 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC providing for offering securities on a continuous or delayed basis.

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

2. Registration.

(a) Mandatory Registration. The Company shall prepare and, as soon as practicable, but in no event later than the Filing Deadline, file with the SEC an initial Registration Statement on Form S-3 covering the resale of all of the Registrable Securities; provided that such initial Registration Statement shall register for resale at least the number of shares of Common Stock equal to the Required Registration Amount as of the date such Registration Statement is initially filed with the SEC; provided further that if Form S-3 is unavailable for such a registration, the Company shall use such other form as is required by Section 2(c). Such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, shall contain (except if otherwise directed by the Required Holders) the "Selling Stockholders" and "Plan of Distribution" sections in substantially the form attached hereto as **Exhibit B**. The Company shall use its reasonable best efforts to have such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, declared effective by the SEC as soon as practicable, but in no event later than the applicable Effectiveness Deadline for such Registration Statement.

(b) [Reserved]

(c) Ineligibility to Use Form S-3. In the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on Form S-1 or another appropriate form reasonably acceptable to the Required Holders and (ii) undertake to register the resale of the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of all Registration Statements then in effect until such time as a Registration Statement on Form S-3 covering the resale of all the Registrable Securities has been declared effective by the SEC and the prospectus contained therein is available for use.

(d) Sufficient Number of Shares Registered. In the event the number of shares available under any Registration Statement is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement or an Investor's allocated portion of the Registrable Securities pursuant to Section 2(h), the Company shall amend such Registration Statement (if permissible), or file with the SEC a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least the Required Registration Amount as of the Trading Day immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than (i) the later of the 30th calendar day after the necessity therefor arises and (ii) 15 calendar days after the due date (which shall include any extensions grated by a timely filed Form 12b-25) of the next periodic report required pursuant to Section 13 of the Exchange Act (but taking account of any Staff position with respect to the date on which the Staff will permit such amendment to the Registration Statement and/or such new Registration Statement (as the case may be) to be filed with the SEC). The Company shall use its reasonable best efforts to cause such amendment to such Registration Statement and/or such new Registration Statement (as the case may be) to become effective as soon as practicable following the filing thereof with the SEC, but in no event later than the applicable Effectiveness Deadline for such Registration Statement. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of shares of Common Stock available for resale under the applicable Registration Statement is less than the product determined by multiplying (i) the Required Registration Amount as of such time by (ii) 0.90. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on conversion, amortization and/or redemption of the Preferred Shares (and such calculation shall assume (A) that the Preferred Shares are then convertible in full into shares of Common Stock at the then prevailing Conversion Rate (as defined in the Certificate of Designations), and (B) the initial outstanding principal amount of the Preferred Shares remains outstanding through the scheduled Maturity Date (as defined in the Certificate of Designations) and no redemptions of the Preferred Shares occur prior to the scheduled Maturity Date.

(e) [Reserved]

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

(g) Piggyback Registrations. Without limiting any obligation of the Company hereunder or under the Securities Purchase Agreement, until the fifth anniversary of the Closing Date, if there is not an effective Registration Statement covering all of the Registrable Securities or the prospectus contained therein is not available for use and the Company shall determine to prepare and file with the SEC a registration statement or offering statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities (other than on Form S-4 or Form S-8 (each as promulgated under the 1933 Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's stock option or other employee benefit plans), then the Company shall deliver to each Investor a written notice of such determination and, if within fifteen (15) days after the date of the delivery of such notice, any such Investor shall so request in writing, the Company shall include in such registration statement or offering statement all or any part of such Registrable Securities such Investor requests to be registered; provided, however, the Company shall not be required to register any Registrable Securities pursuant to this Section 2(g) that are eligible for resale pursuant to Rule 144 without restriction (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or that are the subject of a then-effective Registration Statement.

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

(i) No Inclusion of Other Securities. The Company shall in no event include any securities other than Registrable Securities on any Registration Statement filed in accordance herewith without the prior written consent of the Required Holders.

(j) No Underwriter Status. No Investor shall be named as an "underwriter" in any Registration Statement without such Investor's prior written consent; provided, that if the SEC requires that an Investor be identified as a statutory underwriter in a Registration Statement (after giving effect to any "cutback" pursuant to Rule 415), such Investor will have the option, in its sole and absolute discretion, to either (i) have the opportunity to withdraw from such Registration Statement upon its prompt written request to the Company or (ii) be included as such in the Registration Statement.

3. Related Obligations.

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

(a) The Company shall promptly prepare and file with the SEC a Registration Statement with respect to all the Registrable Securities (but in no event later than the applicable Filing Deadline) and use its best efforts to cause such Registration Statement to become effective as soon as practicable after such filing (but in no event later than the Effectiveness Deadline). Subject to any applicable Suspension Period, the Company shall keep each Registration Statement effective (and the prospectus contained therein available for use) pursuant to Rule 415 for resales by the Investors on a delayed or continuous basis at then-prevailing market prices (and not fixed prices) at all times until the earliest of: (i) the date as of which all of the Investors may sell all of the Registrable Securities required to be covered by such Registration Statement (disregarding any reduction pursuant to Section 2(f)) without restriction pursuant to Rule 144 (including, without limitation, volume or manner-of-sale restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable), (ii) the date on which the Investors shall have sold all of the Registrable Securities covered by such Registration Statement and (iii) the fifth anniversary of the Closing Date (the "**Registration Period**"). Notwithstanding anything to the contrary contained in this Agreement, the Company shall ensure that, when filed and at all times while effective, each Registration Statement (including, without limitation, all amendments and supplements thereto) and the prospectus (including, without limitation, all amendments and supplements thereto) used in connection with such Registration Statement (1) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading and (2) will disclose (whether directly or through incorporation by reference to other SEC filings to the extent permitted) all material information regarding the Company and its securities.

(b) Subject to Section 3(q) of this Agreement, the Company shall prepare and file with the SEC such amendments (including, without limitation, post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with each such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep each such Registration Statement effective at all times during the Registration Period for such Registration Statement, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company required to be covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement; provided, however, by 8:30 a.m. (New York time) on the Business Day immediately following each Effective Date, the Company shall file with the SEC in accordance with Rule 424(b) under the 1933 Act the final prospectus to be used in connection with sales pursuant to the applicable Registration Statement (whether or not such a prospectus is technically required by such rule). In the case of amendments and supplements to any Registration Statement which are required to be filed pursuant to this Agreement (including, without limitation, pursuant to this Section 3(b)) by reason of the Company filing a report on Form 8-K, Form 10-Q or Form 10-K or any analogous report under the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), the Company shall, if permitted under the applicable rules and regulations of the SEC, have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement.

(c) As far in advance as reasonably practicable, but in any event not less than five (5) Business Days prior to the filing of each Registration Statement and not less than one (1) Business Day prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Investor copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Investor, and (ii) use commercially reasonable efforts to cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Investor, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Required Holders (as defined below) shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than three (3) Trading Days after the Investors have been so furnished copies of a Registration Statement or one (1) Trading Day after the Investors have been so furnished copies of any related Prospectus or amendments or supplements thereto. The Company shall promptly furnish to the Investors, without charge, (i) copies of any correspondence from the SEC or the Staff to the Company or its representatives relating to each Registration Statement, provided that such correspondence shall not contain any material, non-public information regarding the Company or any of its Subsidiaries (as defined in the Securities Purchase Agreement), (ii) after the same is prepared and filed with the SEC, one (1) copy of each Registration Statement and any amendment(s) and supplement(s) thereto, including, without limitation, financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, and all exhibits and (iii) upon the effectiveness of each Registration Statement, one (1) copy of the prospectus included in such Registration Statement and all amendments and supplements thereto. The Company shall reasonably cooperate with the Investors in performing the Company's obligations pursuant to this Section 3.

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

(e) The Company shall use its reasonable best efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(f) The Company shall notify the Investors in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, may include an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, non-public information regarding the Company or any of its Subsidiaries) (which notice shall be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made), and, subject to Section 3(q), promptly prepare a supplement or amendment to such Registration Statement and such prospectus contained therein to correct such untrue statement or omission. The Company shall also promptly notify each Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to each Investor by facsimile or e-mail on the same day of such effectiveness and by overnight mail), and when the Company receives written notice from the SEC that a Registration Statement or any post-effective amendment will be reviewed by the SEC, (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be reasonably necessary; and (iv) of the receipt of any request by the SEC or any other federal or state governmental authority for any additional information relating to the Registration Statement or any amendment or supplement thereto or any related prospectus. The Company shall respond as promptly as practicable to any comments received from the SEC with respect to each Registration Statement or any amendment thereto.

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

(h) If any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, at the request of any Investor, the Company shall furnish to such Investor, on the date of the effectiveness of such Registration Statement and thereafter from time to time on such dates as an Investor may reasonably request certificates, dated as of such date, of the Company's Chief Executive Officer, Chief Financial Officer and/or Secretary representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Investors.

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

(j) The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required to be disclosed in such Registration Statement pursuant to the 1933 Act, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Investor and allow such Investor, at such Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

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

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

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

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

(o) If required, the Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with, and in the manner provided by, the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the applicable Effective Date of each Registration Statement.

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

(q) Upon the occurrence of any event contemplated by the first sentence of Section 3(f), clauses (ii) and (iii) of the second sentence of Section 3(f) and Section 3(g), as promptly as reasonably possible under the circumstances taking into account the Company's good faith determination of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Investors in accordance with the first sentence of Section 3(f), clauses (ii) and (iii) of the second sentence of Section 3(f) and Section 3(g) above to suspend the use of any prospectus until the requisite changes to such prospectus have been made, then the Investors shall suspend use of such Prospectus; provided that the Company shall only be entitled to exercise its right under this Section 3(o) to suspend the availability of a Registration Statement and Prospectus up to two (2) occasions in any 12-month period for a period not to exceed 45 consecutive days or a total of ninety (90) calendar days, in each case in any such 12- month period (each, a "**Suspension Period**"). The Company will use its reasonable best efforts to ensure that the use of the prospectus may be resumed as promptly as is reasonably practicable.

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

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

4. Obligations of the Investors.

(a) At least five (5) Business Days prior to the first anticipated filing date of each Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from each such Investor with respect to such Registration Statement, which shall include a questionnaire in the form attached to this Agreement as **Exhibit A** (a "**Selling Shareholder Questionnaire**"). Each Investor agrees to furnish to the Company a completed Selling Shareholder Questionnaire by the end of the tenth (10^{th}) Business Day following the date on which such Investor receives a request in accordance with this Section. The Company shall not be required to include Registrable Securities in the Registration Statement for any Investor that has not provided such Selling Shareholder Questionnaire. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect and maintain the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

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

5. Expenses of Registration.

All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, FINRA filing fees (if any) and fees and disbursements of counsel for the Company shall be paid by the Company. The Company shall reimburse one legal counsel for [LEAD BUYER]? for its fees and disbursements in connection with registration, filing or qualification pursuant to Sections 2 and 3 of this Agreement which amount shall be limited to $5,000 for each registration statement and one legal counsel for Ligand for its fees and disbursements in connection with registration, filing or qualification pursuant to Sections 2 and 3 of this Agreement which amount shall be limited to $5,000 for each registration statement. In no event shall the Company be responsible for any underwriting, broker or similar fees or commissions of any Investor.

6. Indemnification.

(a) To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Investor and each of its directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) and each Person, if any, who controls such Investor within the meaning of the 1933 Act or the 1934 Act and each of the directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) of such controlling Persons (each, an "**Investor Indemnified Person**"), against any losses, obligations, claims, damages, liabilities, contingencies, judgments, fines, penalties, charges, costs (including, without limitation, court costs, reasonable attorneys' fees and costs of defense and investigation), amounts paid in settlement or expenses, joint or several, (collectively, "**Claims**") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an Investor Indemnified Person is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement (the matters in the foregoing clauses (i) through (iii) being, collectively, "**Violations**"). Subject to Section 6(c), the Company shall reimburse the Investor Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim by an Investor Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Investor Indemnified Person for such Investor Indemnified Person expressly for use in connection with the preparation of such Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(d); (ii) shall not apply with respect to Claims arising from the use by such Investor of an outdated, defective or otherwise unavailable prospectus after the Company has notified such Investor in writing that the Prospectus is outdated, defective or otherwise unavailable for such use by such Investor as a result of an event of the type specified in the first sentence of Section 3(f), clauses (ii) and (iii) of the second sentence of Section 3(f) and Section 3(g), and (iii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Investor Indemnified Person and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

(b) In connection with any Registration Statement in which an Investor is participating, such Investor agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement and each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each, a "**Company Indemnified Person**"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case, to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and, subject to Section 6(c) and the below provisos in this Section 6(b), such Investor will reimburse an Company Indemnified Person any legal or other expenses reasonably incurred by such Company Indemnified Person in connection with investigating or defending any such Claim; provided, however, the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld or delayed, provided further that such Investor shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the applicable sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Company Indemnified Person and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

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

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

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

7. Contribution.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however: (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6 of this Agreement, (ii) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the amount of net proceeds received by such seller from the applicable sale of such Registrable Securities pursuant to such Registration Statement. Notwithstanding the provisions of this Section 7, no Investor shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Investor from the applicable sale of the Registrable Securities subject to the Claim exceeds the amount of any damages that such Investor has otherwise been required to pay, or would otherwise be required to pay under Section 6(b), by reason of such untrue or alleged untrue statement or omission or alleged omission.

8. Reports Under the 1934 Act.

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

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

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements (it being understood and agreed that nothing herein shall limit any obligations of the Company under the Securities Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting, submission and posting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company with the SEC if such reports are not publicly available via EDGAR, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

9. Assignment of Registration Rights.

Each Investor may transfer or assign its respective rights hereunder in the manner and to the Persons as permitted under the Securities Purchase Agreement; provided in each case that (i) such Investor agrees in writing with the transferee or assignee to assign such rights and related obligations under this Agreement, and for the transferee or assignee to assume such obligations, and a copy of such agreement is furnished to the Company within a reasonable time after such transfer or assignment (as the case may be); (ii) the Company is, within a reasonable time after such transfer or assignment (as the case may be), furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being transferred or assigned, (iii) at or before the time the Company received the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, (iv) immediately following such transfer or assignment (as the case may be) the further disposition of such securities by such transferee or assignee (as the case may be) is restricted under the 1933 Act or applicable state securities laws if so required, and (v) the transferee is an "accredited investor," as that term is defined in Rule 501 of Regulation D.

10. Amendment of Registration Rights.

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

11. Miscellaneous.

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

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

If to the Company:

Channel Therapeutics Corporation
4400 Route 9 South, Suite 1000
Freehold, NJ 07728
Telephone: (877) 265-8266
Attention: Chief Executive Officer
E-Mail: frank@channeltxco.com

With a copy (for informational purposes only) to:

1251 Avenue of the Americas
New York, NY 10020
Telephone: (212) 660-3000
Attention: David Danovitch, Esq.
E-Mail: ddanovitch@sullivanlaw.com

If to the Transfer Agent:

Nevada Agency and Transfer Company
50 West Liberty Street, Suite 880
Reno NV 89501
Telephone: 775.322.0626
Attention: Amanda Cardinalli
E-Mail: amanda@natco.com

If to a Buyer, to its address, facsimile number and/or email address set forth on the Schedule of Buyers attached to the Securities Purchase Agreement, with copies to such Buyer's representatives as set forth on the Schedule of Buyers, or to such other address, facsimile number, and/or email address and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine or email containing the time, date, recipient facsimile number or email address and an image of the first page of such transmission or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

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

(d) All questions concerning the construction, validity, enforcement and interpretation of this Agreement 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. Each party 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. Each party 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 such party at the address for such notices to it under this 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. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

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

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

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

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

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

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

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

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

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

(n) The obligations of each Investor under this Agreement and the other Transaction Documents are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under this Agreement or any other Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as, and the Company acknowledges that the Investors do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Investors are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Investors are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by this Agreement or any of the other the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained herein was solely in the control of the Company, not the action or decision of any Investor, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Investor. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and an Investor, solely, and not between the Company and the Investors collectively and not between and among Investors.

[signature page follows]

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

COMPANY:

CHANNEL THERAPEUTICS CORPORATION

By: _____
Name:
Title:

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

[BUYERS]

By: _____
Name:
Title:

EXHIBIT A

SELLING SHAREHOLDER QUESTIONNAIRE

SELLING SHAREHOLDER QUESTIONNAIRE

_____ Name of Selling Shareholder (please print)

[COMPANY]

QUESTIONNAIRE FOR SELLING SHAREHOLDERS

IMPORTANT: IMMEDIATE ATTENTION REQUIRED

The undersigned owner of Registrable Securities (as such term is defined in the Registration Rights Agreement) of [Company], a Nevada corporation (the "***Company***"), understands that the Company intends to file with the Securities and Exchange Commission (the "***SEC***") a registration statement for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "***Securities Act***"), of the Registrable Securities (the "***Registration Statement***") issued pursuant to that certain Securities Purchase Agreement, dated as of [●], 2025, to which the Company and the undersigned are parties (the "***Purchase Agreement***"), and in accordance with the terms of that certain Registration Rights Agreement, dated as of [●], 2025, to which the Company and the undersigned are parties (the "***Registration Rights Agreement***"). The undersigned owner of Registrable Securities (the "***Investor***") understands that, pursuant to the Registration Rights Agreement, the undersigned will be named as a selling shareholder in the prospectus that forms a part of the Registration Statement, and the Company will use the information that the undersigned provides in this questionnaire to ensure the accuracy of the Registration Statement and the prospectus. **The Company must receive a completed Questionnaire from each Investor in order to include such Investor's Registrable Securities in the Registration Statement.**

Please note that if the entity completing this questionnaire is not a natural person, in addition to disclosing any material relationships between the Company and that entity, you should also provide relevant information about any persons (whether they are entities or natural persons) who exercise discretionary control over the entity completing this questionnaire, and who have had a material relationship with the registrant or any of its predecessors or affiliates within the past three years.

The furnishing of accurate and complete responses to the questions posed in this Questionnaire is an extremely important part of the registration process. The inclusion of inaccurate or incomplete disclosures in the Registration Statement can result in potential liabilities, both civil and criminal, to the Company and to the individuals who furnish the information. Accordingly, Investors are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Registration Statement and related prospectus.

PLEASE GIVE A RESPONSE TO EVERY QUESTION, indicating "None" or "Not Applicable" where appropriate. **Please complete, sign, and return one copy of this Questionnaire by email or overnight courier as soon as possible.**

[●]

Attn: [●]
E-mail: [●]

Unless stated otherwise, answers should be given as of the date you complete this Questionnaire. However, it is your responsibility to inform us of any changes that may occur to your situation. If there is any situation about which you have any doubt, or if you are uncertain as to the meaning of any terms used in this Questionnaire, please contact [●] at [●] or [●].

PART I - STOCK OWNERSHIP

Item 1. Beneficial Ownership.

a. Deemed Beneficial Ownership. Please state the amount of securities of the Company you own on the date you complete this Questionnaire. (If none, please so state in each case.)

Amount Beneficially Owned[1]	Number of Shares of Common Stock Owned

Please state the number of shares owned by you or by family members, trusts and other organizations with which you have a relationship, and any other shares of which you may be deemed to be the "beneficial owner"[1]:

Total Shares: _____

Of such shares:

Shares as to which you have sole voting power: _____

Shares as to which you have shared voting power: _____

Shares as to which you have sole investment power: _____

Shares as to which you have shared investment power: _____

Shares which you will have a right to acquire before 60 days after the date you complete this questionnaire through the exercise of options, warrants or otherwise: _____

Do you have any present plans to exercise options or otherwise acquire, dispose of or to transfer shares of Common Stock of the Company between the date you complete this Questionnaire and the date which is 60 days after the date in which the Registration Statement is filed?

Answer:

If so, please describe.

b. Pledged Securities. If any of such securities have been pledged or otherwise deposited as collateral or are the subject matter of any voting trust or other similar agreement or of any contract providing for the sale or other disposition of such securities, please give the details thereof.

Answer:

c. Disclaimer of Beneficial Ownership. Do you wish to disclaim beneficial ownership[1] of any of the shares reported in response to Item 1(a)?

Answer:

If the answer is "Yes", please furnish the following information with respect to the person or persons who should be shown as the beneficial owner(s)[1] of the shares in question.

Name and Address of Actual Beneficial Owner	Relationship of Such Person To You	Number of Shares Beneficially Owned

d. Shared Voting or Investment Power over Securities. Will any person be deemed to have beneficial ownership over any of the Securities (as such term is defined in the Purchase Agreement) purchased by you pursuant to the Purchase Agreement?

Answer:

If the answer is "Yes", please furnish the following information with respect to the person or persons who should be shown as the beneficial owner(s)[1] of the Securities in question.

Name and Address of Beneficial Owner	Relationship of Such Person To You	Number of Shares Beneficially Owned

Item 2. Major Shareholders. Please state below the names of persons or groups known by you to own beneficially[1] more than 5% of the Company's Common Stock.

Answer:

Item 3. Change of Control. Do you know of any contractual arrangements, including any pledge of securities of the Company, the operation of which may at a subsequent date result in a change of control of the Company?

Answer:

Item 4. Relationship with the Company. Please state the nature of any position, office or other material relationship you have, or have had within the past three years, with the Company or its affiliates.

Name	Nature of Relationship

Item 5. Broker-Dealer Status. Is the Investor a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")?

☐ Yes
☐ No.

If so, please answer the remaining questions under this Item 5.

Note that the Company will be required to identify any registered broker-dealer as an underwriter in the Registration Statement and related prospectus.

a. If the Investor is a registered broker-dealer, please indicate whether the Investor purchased its Common Stock for investment or acquired them as transaction-based compensation for investment banking or similar services.

Answer:

Note that if the Investor is a registered broker-dealer and received its Common Stock other than as transaction-based compensation, the Company is required to identify the Investor as an underwriter in the Registration Statement and related prospectus.

b. Is the Investor an affiliate of a registered broker-dealer? For purposes of this Question, an "affiliate" of a specified person or entity means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person or entity specified.

☐ Yes.
☐ No.

If so, please answer questions (i)-(iii) below under this Item 5(b).

i. Please describe the affiliation between the Investor and any registered broker-dealers:

ii. If the Common Stock was received by the Investor other than in the ordinary course of business, please describe the circumstances:

iii. If the Investor, at the time of its receipt of Common Stock, has had any agreements or understandings, directly or indirectly, with any person to distribute the Common Stock, please describe such agreements or understandings:

*Note that if the Investor is an affiliate of a broker-dealer and did **not** receive its Common Stock in the ordinary course of business or at the time of receipt had any agreements or understandings, directly or indirectly, to distribute the securities, the Company must identify the Investor as an underwriter in the Registration Statement and related prospectus.*

Item 6. Nature of Beneficial Holding. The purpose of this question is to identify the ultimate natural person(s) or publicly held entity that exercise(s) sole or shared voting or dispositive power over the Registrable Securities.

a. Is the Investor a natural person?

☐ Yes.
☐ No

b. Is the Investor required to file, or is it a wholly owned subsidiary of a company that is required to file, periodic and other reports (for example, Form 10-K, 10-Q, 8-K) with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act?

☐ Yes.
☐ No.

c. Is the Investor an investment company, or a subsidiary of an investment company, registered under the Investment Company Act of 1940, as amended?

☐ Yes.
☐ No.

If a subsidiary, please identify the publicly held parent entity:

d. If you answered "no" to questions (a), (b) and (c) above, please identify the controlling person(s) of the Investor (the "***Controlling Entity***"). If the Controlling Entity is not a natural person or a publicly held entity, please identify each controlling person(s) of such Controlling Entity. This process should be repeated until you reach natural persons or a publicly held entity that exercises sole or shared voting or dispositive power over the Registrable Securities:

*****PLEASE NOTE THAT THE SEC REQUIRES THAT THESE NATURAL PERSONS BE NAMED IN THE PROSPECTUS*****

PART II - CERTAIN TRANSACTIONS

Item 7. Transactions with the Company. If you, any of your associates[2], or any member of your immediate family[3] had or will have any direct or indirect material interest in any transactions[4] or series of transactions to which the Company or any of its subsidiaries was a party at any time since January 1, 2023, or in any currently proposed transactions or series of transactions in which the Company or any of its subsidiaries will be a party, in which the amount involved exceeds $120,000, please specify (a) the names of the parties to the transaction(s) and their relationship to you, (b) the nature of the interest in the transaction, (c) the amount involved in the transaction, and (d) the amount of the interest in the transaction. If the answer is "none", please so state.

Answer:

Item 8. Third Party Payments. Please describe any compensation paid to you by a third party pursuant to any arrangement between the Company and any such third party.

Answer:

* * *

The undersigned has reviewed the Plan of Distribution set forth on Exhibit B of the Registration Rights Agreement and does not have a present intention of effecting a sale in a manner not described therein.

____ Agree ____ Disagree
(If left blank, response will be deemed to be "Agree".)

The undersigned hereby represents that the undersigned is familiar with Interpretation A.65 in the Securities and Exchange Commission, Division of Corporation Finance, Manual of Publicly Available Telephone Interpretations dated July 1997, a copy of which is set forth below, and that the undersigned will comply with all applicable laws in respect of its sales of the Common Stock.

> Securities Act Sections Compliance and Disclosure Interpretations Section 239.10: "An issuer filed a Form S-3 registration statement for a secondary offering of common stock which is not yet effective. One of the selling shareholders wanted to do a short sale of common stock "against the box" and cover the short sale with registered shares after the effective date. The issuer was advised that the short sale could not be made before the registration statement becomes effective, because the shares underlying the short sale are deemed to be sold at the time such sale is made. There would, therefore, be a violation of Section 5 if the shares were effectively sold prior to the effective date."

SIGNATURE

The undersigned understands that the Company anticipates filing the Registration Statement within the time frame set forth in the Registration Rights Agreement. If at any time any of the information set forth in my responses to this Questionnaire has materially changed due to passage of time (other than due to the receipt of the Registrable Securities set forth opposite the undersigned's name in the Schedule of Buyers in the Purchase Agreement), or any development occurs which requires a change in any of my answers, or has for any other reason become incorrect, the undersigned agrees to furnish as soon as practicable to the individual to whom a copy of this Questionnaire is to be sent, as indicated and at the address shown on the first page hereof, any necessary or appropriate correcting information. Otherwise, the Company is to understand that the above information continues to be, to the best of my knowledge, information and belief, complete and correct.

The undersigned understands that the information that the undersigned is furnishing to the Company herein will be used by the Company in the preparation of the Registration Statement.

Name of Investor: _____

Date: _____, 2025

Signature: _____

Print Name: _____

Title (if applicable): _____

Address: _____

_____
Street

_____
Street

_____
City State Zip Code

_____
Telephone Number

_____
Email Address

FOOTNOTES

1. Beneficial Ownership. You are the beneficial owner of a security, as defined in Rule 13d-3 under the Exchange Act, if you, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise have or share: (1) voting power, which includes the power to vote, or to direct the voting of, such security, and/or (2) investment power, which includes the power to dispose, or to direct the disposition of, such security. You are also the beneficial owner of a security if you, directly or indirectly, create or use a trust, proxy, power of attorney, pooling arrangement or any other contract, arrangement or device with the purpose or effect of divesting yourself of beneficial ownership of a security or preventing the vesting of such beneficial ownership.

   You are deemed to be the beneficial owner of a security if you have the right to acquire beneficial ownership of such security at any time within 60 days including, but not limited to, any right to acquire such security through the exercise of any option, warrant or right, (b) through the conversion of a security, or (c) pursuant to the automatic termination of, or the power to revoke a trust, discretionary account, or similar arrangement.

   Ordinarily, shares held in the name of your spouse or minor child should be considered as beneficially owned by you absent special circumstances to indicate that you do not have, as a practical matter, voting power or investment power over such shares. Similarly, absent countervailing facts, securities held in the name of relatives who share your home are to be reported as being beneficially owned by you. In addition, securities held for your benefit in the name of others, such as nominees, trustees and other fiduciaries, securities held by a partnership of which you are a partner, and securities held by a corporation controlled by you should be regarded as beneficially owned by you.

   This definition of beneficial ownership is very broad; therefore, even though you may not actually have or share voting or investment power with respect to securities owned by persons in your family or living in your home, you should include such shares in your beneficial ownership disclosure and may then disclaim beneficial ownership of such securities.

2. Associate. The term “associate”, as defined in Rule 14a-1 under the Exchange Act, means (a) any corporation or organization (other than the Company or any of its majority owned subsidiaries) of which you are an officer or partner or are, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (b) any trust or other estate in which you have a substantial beneficial interest or as to which you serve as trustee or in a similar capacity, and (c) your spouse, or any relative of yours or relative of your spouse living in your home or who is a director or officer of the Company or of any subsidiary. The term “relative of yours” as used in this Questionnaire refers to any relative or spouse of yours, or any relative of such spouse, who has the same home as you or who is a director or officer of any subsidiary of the Company.

   Please identify your associate referred to in your answer and indicate your relationship.

3. Immediate Family. The members of your “immediate family” are deemed to include the following: your spouse; your parents; your children; your siblings; your mother-in-law or father-in-law; your sons- and daughters-in- law; and your brothers- and sisters-in-law.

4. Transactions. The term “transaction” is to be understood in its broadest sense, and includes the direct or indirect receipt of anything of value. Please note that indirect as well as direct material interests in transactions are to be disclosed. Transactions in which you would have a direct interest would include your purchasing or leasing anything (stock in a business acquired by the Company, office space, plants, Company apartments, computers, raw materials, finished goods, etc.) from or selling or leasing anything to, or borrowing or lending cash or other property from or to, the Company, or any subsidiary.

EXHIBIT B
SELLING STOCKHOLDERS

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

The table below lists the selling stockholders and other information regarding the beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder) of the shares of common stock held by each of the selling stockholders. The second column lists the number of shares of common stock beneficially owned by the selling stockholders, based on their respective ownership of shares of common stock, preferred shares, as of _____, 202_, assuming conversion of the preferred shares held by each such selling stockholder on that date but taking account of any limitations on conversion set forth therein.

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

In accordance with the terms of a registration rights agreement with the holders of the preferred shares, this prospectus generally covers the resale of 100% of the maximum number of shares of common stock issued or issuable pursuant to Certificate of Designations (with the maximum number of shares of common stock issued determined as if the outstanding preferred shares were converted in full (without regard to any limitations on conversion contained therein solely for the purpose of such calculation) at a conversion price calculated as of the trading day immediately preceding the date this registration statement was initially filed with the SEC). Because the conversion price of the preferred shares may be adjusted, the number of shares that will actually be issued may be more or less than the number of shares being offered by this prospectus. The fourth column assumes the sale of all of the shares offered by the selling stockholders pursuant to this prospectus.

Under the terms of the preferred shares, a selling stockholder may not convert the preferred shares to the extent (but only to the extent) such selling stockholder or any of its affiliates would beneficially own a number of shares of our common stock which would exceed [4.99][9.99]% of the outstanding shares of the Company. The number of shares in the second column reflects these limitations. The selling stockholders may sell all, some or none of their shares in this offering. See "Plan of Distribution."

Name of Selling Stockholder	Number of Shares of Common Stock Owned Prior to Offering	Maximum Number of Shares of Common Stock to be Sold Pursuant to this Prospectus	Number of Shares of Common Stock of Owned After Offering
[LEAD BUYER]? (1)			
Ligand Pharmaceuticals Incorporated (2)			
[ ](3)			

(1) [ ]

(2) [ ]

(3) [ ]

PLAN OF DISTRIBUTION

We are registering the shares of common stock issuable upon conversion of the preferred shares to permit the resale of these shares of common stock by the holders of the preferred shares from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling stockholders of the shares of common stock. We will bear all fees and expenses incident to our obligation to register the shares of common stock.

The selling stockholders may sell all or a portion of the shares of common stock held by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, the selling stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions, pursuant to one or more of the following methods:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing or settlement of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales made after the date the Registration Statement is declared effective by the SEC;
- broker-dealers may agree with a selling security holder to sell a specified number of such shares at a stipulated price per share;

- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares of common stock under Rule 144 promulgated under the Securities Act of 1933, as amended, if available, rather than under this prospectus. In addition, the selling stockholders may transfer the shares of common stock by other means not described in this prospectus. If the selling stockholders effect such transactions by selling shares of common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of common stock or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of common stock in the course of hedging in positions they assume. The selling stockholders may also sell shares of common stock short and deliver shares of common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling stockholders may also loan or pledge shares of common stock to broker-dealers that in turn may sell such shares.

The selling stockholders may pledge or grant a security interest in some or all of the preferred shares or shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending, if necessary, the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer and donate the shares of common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

To the extent required by the Securities Act and the rules and regulations thereunder, the selling stockholders and any broker-dealer participating in the distribution of the shares of common stock may be deemed to be “underwriters” within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of common stock is made, a prospectus supplement, if required, will be distributed, which will set forth the aggregate amount of shares of common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling stockholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers.

Under the securities laws of some states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any selling stockholder will sell any or all of the shares of common stock registered pursuant to the registration statement, of which this prospectus forms a part.

The selling stockholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the selling stockholders and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

We will pay all expenses of the registration of the shares of common stock pursuant to the registration rights agreement, estimated to be $[ ] in total, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, a selling stockholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the selling stockholders against liabilities, including some liabilities under the Securities Act in accordance with the registration rights agreements or the selling stockholders will be entitled to contribution. We may be indemnified by the selling stockholders against civil liabilities, including liabilities under the Securities Act that may arise from any written information furnished to us by the selling stockholder specifically for use in this prospectus, in accordance with the related registration rights agreements or we may be entitled to contribution.

Once sold under the registration statement, of which this prospectus forms a part, the shares of common stock will be freely tradable in the hands of persons other than our affiliates.

EXHIBIT C

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (the "**Joinder**") dated as of June [__], 2025 (the "**Effective Date**"), between Channel Therapeutics Corporation, a Nevada corporation (the "**Company**"), LNHC, Inc. a Delaware corporation (the "**Target**", and together with the Company, the "**BC Parties**"), and [_____], a _____ (the "**New Buyer**").

1. Reference is made to (x) that certain Securities Purchase Agreement, dated as of April 16, 2025 (the "**Securities Purchase Agreement**"), by and among the BC Parties and the investors listed on the signature pages thereto and (y) Amendment No. 1 to the Securities Purchase Agreement, dated June [__], 2025 (the "**Amendment No. 1**", and the Securities Purchase Agreement, as amended, the "**Amended Securities Purchase Agreement**").

2. The Company hereby agrees that, effective upon the Effective Date (as defined in Amendment No. 1), the New Buyer (i) shall be deemed a "Buyer" under the Amended Securities Purchase Agreement, as such term is defined therein, (ii) shall be deemed a "Holder" under the terms of the Irrevocable Transfer Agent Instructions, (iii) shall be entitled to all of the applicable rights and bound by all of the applicable obligations of each of the Transaction Documents (as defined in the Amended Securities Purchase Agreement), (iv) represents and warrants that the representations and warranties of the Company contained in the Amended Securities Purchase Agreement are true and correct as if made by the Company to the New Buyer on the date hereof and (v) authorizes any officer or other authorized representative of the Company to attach the signature pages to the Amended Securities Purchase Agreement attached hereto as **Exhibit A** to the Amended Securities Purchase Agreement and, in accordance with Section 1.1(a) of Amendment No. 1, to include the New Buyer to the Schedule of Buyers under the Amended Securities Purchase Agreement.

3. The New Buyer (i) agrees that it will perform in accordance with their terms all of the agreements and obligations which by the terms of the Amended Securities Purchase Agreement are required to be performed by it as a Buyer and, as of the Effective Date, the terms of the Amended Securities Purchase Agreement shall be the binding obligations of the New Buyer, and (ii) represents and warrants that the representations and warranties of the Buyer contained in the Amended Securities Purchase Agreement are true and correct as if made by the New Buyer on the date hereof.

4. Each of the parties hereto represent and warrant that it is duly authorized to enter into this Joinder.

5. Section 9 of the Amended Securities Purchase Agreement is hereby incorporated by reference herein, *mutatis mutandis*.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CHANNEL THERAPEUTICS CORPORATION

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

LNHC, INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[NEW BUYER]

By: _____
Name:
Title:

EXHIBIT A

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

BUYER:

[NEW BUYER]

By: _____
Name:
Title:

Exhibit 10.7

SERIES A CONVERTIBLE PREFERRED STOCKHOLDER SIDE LETTER

[●], 2025

[Holder Name]
[Holder Address]
Attn: [_____]

Dear [Holder],

In connection with the planned merger of a subsidiary of Channel Therapeutics Corporation, a Nevada corporation (the "**Company**"), with and into a subsidiary of Ligand Pharmaceuticals Incorporated, a Delaware corporation (the "**Merger**") and concurrent PIPE Financing (together, with the Merger, the "**Transactions**") intended to be conducted by the Company, this letter agreement (this "**Agreement**") is being entered into as of the date hereof by and between the Company and the undersigned (the "**Holder**"). Reference is hereby made to that certain Certificate of Designations of Rights and Preferences of Series A Convertible Preferred Stock to be filed with the Secretary of State of the State of Nevada in the form attached hereto as Exhibit A (the "**Series A Certificate of Designations**"), which contains all of the powers, preferences, rights, qualifications, restrictions and limitations of the Series A Convertible Preferred Stock, par value $0.0001 per share, of the Company (the "**Series A Preferred Stock**"). Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Series A Certificate of Designations.

WHEREAS, as of the date of the closing of the Transactions, the Holder shall own an aggregate of [____] shares of Series A Preferred Stock (the "Shares"); and

WHEREAS, in connection with the Transactions, the Company has requested that the Holder and other holders of shares of Series A Preferred Stock voluntarily convert their respective shares of Series A Preferred Stock not exceeding the Holder's Maximum Percentage into shares of common stock, par value $0.0001 per share, of the Company (the "Common Stock"), pursuant to the terms of the Series A Certificate of Designations.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual representations, warranties, covenants, and agreements herein contained, the parties hereto agree as follows:

1. Conversion of Shares. Upon execution of this Agreement, the Holder agrees that upon the closing of the Transactions, it shall convert an amount of its Shares not to exceed the Holder's Maximum Percentage into shares of Common Stock pursuant to Section 3(c) of the Series A Certificate of Designations by providing the Company with a completed and signed Conversion Notice.

2. Termination Upon Consummation of the Transactions. This Agreement shall terminate immediately and be of no further force or effect upon the consummation of the Transactions on or immediately prior to the Closing Date.

[Signature Page Follows]

If the terms of this Agreement are satisfactory to you, please confirm by signing and returning one copy of this letter to the Company.

Very truly yours,

CHANNEL THERAPEUTICS CORPORATION

By: _____
Francis Knuettel II
Chief Executive Officer and Chief Financial Officer

Agreed to and accepted:

[HOLDER]

_____
Name:
Title:

Exhibit 10.8

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**"), dated as of July 1, 2025, is by and among Channel Therapeutics Corporation, a Nevada corporation with offices located at 4400 Route 9 South, Suite 1000, Freehold, NJ 07728 (the "**Company**"), and the undersigned buyers (each, a "**Buyer**," and collectively, the "**Buyers**").

RECITALS

A. The Company is party to that certain Agreement and Plan of Merger by and among the Company, CHRO Merger Sub Inc., and LNHC, Inc. ("**LNHC**"), dated as of April 16, 2025 (the "**Merger Agreement**"), pursuant to which LNHC will become a wholly-owned subsidiary of the Company (the "**Merger**").

B. The Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, dated as of April 16, 2025 (the "**Securities Purchase Agreement**"), to issue and sell to each Buyer, immediately prior to the effective time of the Merger, the Preferred Shares (as defined in the Securities Purchase Agreement) which will be convertible into Conversion Shares (as defined in the Securities Purchase Agreement) in accordance with the terms of the Certificate of Designations (as defined in the Securities Purchase Agreement).

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

D. Pursuant to the Merger Agreement, Ligand will receive shares of Public Company Series A Preferred Stock (the "**Merger Shares**").

AGREEMENT

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

1. Definitions.

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

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

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

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

(d) "**Effectiveness Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), the earlier of the (A) 120th calendar day after the Closing Date (or the 150th calendar day if subject to a full review by the SEC) and (B) 5th Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the earlier of the (A) 120th calendar day (or the 150th calendar day if subject to a full review by the SEC) following the date on which the Company was required to file such additional Registration Statement and (B) 5th Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review. If the Effectiveness Deadline falls on a Saturday, Sunday or other day that the SEC is closed for business, the Effectiveness Deadline shall be extended to the next Business Day on which the SEC is open for business.

(e) "**Filing Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), the later of the 30th calendar day after the Closing Date and 15 calendar days after the due date (which shall include any extensions grated by a timely filed Form 12b-25) of the next periodic report required pursuant to Section 13 of the Exchange Act, and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the date on which the Company was required to file such additional Registration Statement pursuant to the terms of this Agreement.

(f) "**Investor**" means a Buyer or any transferee or assignee of any Registrable Securities, Preferred Shares to whom a Buyer assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee of any Registrable Securities, Preferred Shares assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9.

(g) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof.

(h) "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing one or more Registration Statements in compliance with the 1933 Act and pursuant to Rule 415 and the declaration of effectiveness of such Registration Statement(s) by the SEC.

(i) "**Registrable Securities**" means (i) the Conversion Shares, (ii) the Merger Shares, and (iii) any capital stock of the Company issued or issuable with respect to the Conversion Shares, the Preferred Shares and/or the Merger Shares, as applicable, including, without limitation, (1) as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise and (2) shares of capital stock of the Company into which the shares of Common Stock (as defined in the Certificate of Designations) are converted or exchanged and shares of capital stock of a Successor Entity (as defined in the Certificate of Designations) into which the shares of Common Stock are converted or exchanged, in each case, without regard to any limitations on conversion of the Preferred Shares; provided, however, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) upon the earliest to occur of (i) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the SEC under the 1933 Act and such Registrable Securities have been disposed of by the Buyer in accordance with such effective Registration Statement, or (ii) such Registrable Securities have been previously sold in accordance with Rule 144

(j) "**Registration Statement**" means a registration statement or registration statements of the Company filed under the 1933 Act covering Registrable Securities.

(k) "**Required Holders**" means, as of any given time, the holders of a majority of the Registrable Securities as of such time (excluding any Registrable Securities held by the Company or any of its Subsidiaries as of such time).

(l) "**Required Registration Amount**" means, as of any date of determination, 100% of (x) the Merger Shares and (y) the maximum number of Conversion Shares then issuable upon conversion of the Preferred Shares (assuming for purposes hereof that any such conversion shall not take into account any limitations on the conversion of the Preferred Shares set forth in the Certificate of Designations), subject to adjustment as provided in Section 2(d) and/or Section 2(f).

(m) "**Rule 144**" means Rule 144 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration.

(n) "**Rule 415**" means Rule 415 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC providing for offering securities on a continuous or delayed basis.

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

2. Registration.

(a) Mandatory Registration. The Company shall prepare and, as soon as practicable, but in no event later than the Filing Deadline, file with the SEC an initial Registration Statement on Form S-3 covering the resale of all of the Registrable Securities; provided that such initial Registration Statement shall register for resale at least the number of shares of Common Stock equal to the Required Registration Amount as of the date such Registration Statement is initially filed with the SEC; provided further that if Form S-3 is unavailable for such a registration, the Company shall use such other form as is required by Section 2(c). Such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, shall contain (except if otherwise directed by the Required Holders) the "Selling Stockholders" and "Plan of Distribution" sections in substantially the form attached hereto as **Exhibit B**. The Company shall use its reasonable best efforts to have such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, declared effective by the SEC as soon as practicable, but in no event later than the applicable Effectiveness Deadline for such Registration Statement.

(b) [Reserved]

(c) Ineligibility to Use Form S-3. In the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on Form S-1 or another appropriate form reasonably acceptable to the Required Holders and (ii) undertake to register the resale of the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of all Registration Statements then in effect until such time as a Registration Statement on Form S-3 covering the resale of all the Registrable Securities has been declared effective by the SEC and the prospectus contained therein is available for use.

(d) Sufficient Number of Shares Registered. In the event the number of shares available under any Registration Statement is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement or an Investor's allocated portion of the Registrable Securities pursuant to Section 2(h), the Company shall amend such Registration Statement (if permissible), or file with the SEC a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least the Required Registration Amount as of the Trading Day immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than (i) the later of the 30th calendar day after the necessity therefor arises and (ii) 15 calendar days after the due date (which shall include any extensions grated by a timely filed Form 12b-25) of the next periodic report required pursuant to Section 13 of the Exchange Act (but taking account of any Staff position with respect to the date on which the Staff will permit such amendment to the Registration Statement and/or such new Registration Statement (as the case may be) to be filed with the SEC). The Company shall use its reasonable best efforts to cause such amendment to such Registration Statement and/or such new Registration Statement (as the case may be) to become effective as soon as practicable following the filing thereof with the SEC, but in no event later than the applicable Effectiveness Deadline for such Registration Statement. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of shares of Common Stock available for resale under the applicable Registration Statement is less than the product determined by multiplying (i) the Required Registration Amount as of such time by (ii) 0.90. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on conversion, amortization and/or redemption of the Preferred Shares (and such calculation shall assume (A) that the Preferred Shares are then convertible in full into shares of Common Stock at the then prevailing Conversion Rate (as defined in the Certificate of Designations), and (B) the initial outstanding principal amount of the Preferred Shares remains outstanding through the scheduled Maturity Date (as defined in the Certificate of Designations) and no redemptions of the Preferred Shares occur prior to the scheduled Maturity Date.

(e) [Reserved]

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

(g) Piggyback Registrations. Without limiting any obligation of the Company hereunder or under the Securities Purchase Agreement, until the fifth anniversary of the Closing Date, if there is not an effective Registration Statement covering all of the Registrable Securities or the prospectus contained therein is not available for use and the Company shall determine to prepare and file with the SEC a registration statement or offering statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities (other than on Form S-4 or Form S-8 (each as promulgated under the 1933 Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's stock option or other employee benefit plans), then the Company shall deliver to each Investor a written notice of such determination and, if within fifteen (15) days after the date of the delivery of such notice, any such Investor shall so request in writing, the Company shall include in such registration statement or offering statement all or any part of such Registrable Securities such Investor requests to be registered; provided, however, the Company shall not be required to register any Registrable Securities pursuant to this Section 2(g) that are eligible for resale pursuant to Rule 144 without restriction (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or that are the subject of a then-effective Registration Statement.

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

(i) No Inclusion of Other Securities. The Company shall in no event include any securities other than Registrable Securities on any Registration Statement filed in accordance herewith without the prior written consent of the Required Holders.

(j) No Underwriter Status. No Investor shall be named as an "underwriter" in any Registration Statement without such Investor's prior written consent; provided, that if the SEC requires that an Investor be identified as a statutory underwriter in a Registration Statement (after giving effect to any "cutback" pursuant to Rule 415), such Investor will have the option, in its sole and absolute discretion, to either (i) have the opportunity to withdraw from such Registration Statement upon its prompt written request to the Company or (ii) be included as such in the Registration Statement.

3. Related Obligations.

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

(a) The Company shall promptly prepare and file with the SEC a Registration Statement with respect to all the Registrable Securities (but in no event later than the applicable Filing Deadline) and use its best efforts to cause such Registration Statement to become effective as soon as practicable after such filing (but in no event later than the Effectiveness Deadline). Subject to any applicable Suspension Period, the Company shall keep each Registration Statement effective (and the prospectus contained therein available for use) pursuant to Rule 415 for resales by the Investors on a delayed or continuous basis at then-prevailing market prices (and not fixed prices) at all times until the earliest of: (i) the date as of which all of the Investors may sell all of the Registrable Securities required to be covered by such Registration Statement (disregarding any reduction pursuant to Section 2(f)) without restriction pursuant to Rule 144 (including, without limitation, volume or manner-of-sale restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable), (ii) the date on which the Investors shall have sold all of the Registrable Securities covered by such Registration Statement and (iii) the fifth anniversary of the Closing Date (the "**Registration Period**"). Notwithstanding anything to the contrary contained in this Agreement, the Company shall ensure that, when filed and at all times while effective, each Registration Statement (including, without limitation, all amendments and supplements thereto) and the prospectus (including, without limitation, all amendments and supplements thereto) used in connection with such Registration Statement (1) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading and (2) will disclose (whether directly or through incorporation by reference to other SEC filings to the extent permitted) all material information regarding the Company and its securities.

(b) Subject to Section 3(q) of this Agreement, the Company shall prepare and file with the SEC such amendments (including, without limitation, post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with each such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep each such Registration Statement effective at all times during the Registration Period for such Registration Statement, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company required to be covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement; provided, however, by 8:30 a.m. (New York time) on the Business Day immediately following each Effective Date, the Company shall file with the SEC in accordance with Rule 424(b) under the 1933 Act the final prospectus to be used in connection with sales pursuant to the applicable Registration Statement (whether or not such a prospectus is technically required by such rule). In the case of amendments and supplements to any Registration Statement which are required to be filed pursuant to this Agreement (including, without limitation, pursuant to this Section 3(b)) by reason of the Company filing a report on Form 8-K, Form 10-Q or Form 10-K or any analogous report under the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), the Company shall, if permitted under the applicable rules and regulations of the SEC, have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement.

(c) As far in advance as reasonably practicable, but in any event not less than five (5) Business Days prior to the filing of each Registration Statement and not less than one (1) Business Day prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Investor copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Investor, and (ii) use commercially reasonable efforts to cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Investor, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Required Holders (as defined below) shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than three (3) Trading Days after the Investors have been so furnished copies of a Registration Statement or one (1) Trading Day after the Investors have been so furnished copies of any related Prospectus or amendments or supplements thereto. The Company shall promptly furnish to the Investors, without charge, (i) copies of any correspondence from the SEC or the Staff to the Company or its representatives relating to each Registration Statement, provided that such correspondence shall not contain any material, non-public information regarding the Company or any of its Subsidiaries (as defined in the Securities Purchase Agreement), (ii) after the same is prepared and filed with the SEC, one (1) copy of each Registration Statement and any amendment(s) and supplement(s) thereto, including, without limitation, financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, and all exhibits and (iii) upon the effectiveness of each Registration Statement, one (1) copy of the prospectus included in such Registration Statement and all amendments and supplements thereto. The Company shall reasonably cooperate with the Investors in performing the Company's obligations pursuant to this Section 3.

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

(e) The Company shall use its reasonable best efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(f) The Company shall notify the Investors in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, may include an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, non-public information regarding the Company or any of its Subsidiaries) (which notice shall be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made), and, subject to Section 3(q), promptly prepare a supplement or amendment to such Registration Statement and such prospectus contained therein to correct such untrue statement or omission. The Company shall also promptly notify each Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to each Investor by facsimile or e-mail on the same day of such effectiveness and by overnight mail), and when the Company receives written notice from the SEC that a Registration Statement or any post-effective amendment will be reviewed by the SEC, (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be reasonably necessary; and (iv) of the receipt of any request by the SEC or any other federal or state governmental authority for any additional information relating to the Registration Statement or any amendment or supplement thereto or any related prospectus. The Company shall respond as promptly as practicable to any comments received from the SEC with respect to each Registration Statement or any amendment thereto.

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

(h) If any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, at the request of any Investor, the Company shall furnish to such Investor, on the date of the effectiveness of such Registration Statement and thereafter from time to time on such dates as an Investor may reasonably request certificates, dated as of such date, of the Company's Chief Executive Officer, Chief Financial Officer and/or Secretary representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Investors.

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

(j) The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required to be disclosed in such Registration Statement pursuant to the 1933 Act, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Investor and allow such Investor, at such Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

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

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

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

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

(o) If required, the Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with, and in the manner provided by, the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the applicable Effective Date of each Registration Statement.

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

(q) Upon the occurrence of any event contemplated by the first sentence of Section 3(f), clauses (ii) and (iii) of the second sentence of Section 3(f) and Section 3(g), as promptly as reasonably possible under the circumstances taking into account the Company's good faith determination of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Investors in accordance with the first sentence of Section 3(f), clauses (ii) and (iii) of the second sentence of Section 3(f) and Section 3(g) above to suspend the use of any prospectus until the requisite changes to such prospectus have been made, then the Investors shall suspend use of such Prospectus; provided that the Company shall only be entitled to exercise its right under this Section 3(o) to suspend the availability of a Registration Statement and Prospectus up to two (2) occasions in any 12-month period for a period not to exceed 45 consecutive days or a total of ninety (90) calendar days, in each case in any such 12- month period (each, a "**Suspension Period**"). The Company will use its reasonable best efforts to ensure that the use of the prospectus may be resumed as promptly as is reasonably practicable.

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

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

4. Obligations of the Investors.

(a) At least five (5) Business Days prior to the first anticipated filing date of each Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from each such Investor with respect to such Registration Statement, which shall include a questionnaire in the form attached to this Agreement as **Exhibit A** (a "**Selling Shareholder Questionnaire**"). Each Investor agrees to furnish to the Company a completed Selling Shareholder Questionnaire by the end of the tenth (10^{th}) Business Day following the date on which such Investor receives a request in accordance with this Section. The Company shall not be required to include Registrable Securities in the Registration Statement for any Investor that has not provided such Selling Shareholder Questionnaire. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect and maintain the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

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

5. Expenses of Registration.

All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, FINRA filing fees (if any) and fees and disbursements of counsel for the Company shall be paid by the Company. The Company shall reimburse one legal counsel for [LEAD BUYER] for its fees and disbursements in connection with registration, filing or qualification pursuant to Sections 2 and 3 of this Agreement which amount shall be limited to $5,000 for each registration statement and one legal counsel for Ligand for its fees and disbursements in connection with registration, filing or qualification pursuant to Sections 2 and 3 of this Agreement which amount shall be limited to $5,000 for each registration statement. In no event shall the Company be responsible for any underwriting, broker or similar fees or commissions of any Investor.

6. Indemnification.

(a) To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Investor and each of its directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) and each Person, if any, who controls such Investor within the meaning of the 1933 Act or the 1934 Act and each of the directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) of such controlling Persons (each, an "**Investor Indemnified Person**"), against any losses, obligations, claims, damages, liabilities, contingencies, judgments, fines, penalties, charges, costs (including, without limitation, court costs, reasonable attorneys' fees and costs of defense and investigation), amounts paid in settlement or expenses, joint or several, (collectively, "**Claims**") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an Investor Indemnified Person is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement (the matters in the foregoing clauses (i) through (iii) being, collectively, "**Violations**"). Subject to Section 6(c), the Company shall reimburse the Investor Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim by an Investor Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Investor Indemnified Person for such Investor Indemnified Person expressly for use in connection with the preparation of such Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(d); (ii) shall not apply with respect to Claims arising from the use by such Investor of an outdated, defective or otherwise unavailable prospectus after the Company has notified such Investor in writing that the Prospectus is outdated, defective or otherwise unavailable for such use by such Investor as a result of an event of the type specified in the first sentence of Section 3(f), clauses (ii) and (iii) of the second sentence of Section 3(f) and Section 3(g), and (iii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Investor Indemnified Person and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

(b) In connection with any Registration Statement in which an Investor is participating, such Investor agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement and each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each, a "**Company Indemnified Person**"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case, to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and, subject to Section 6(c) and the below provisos in this Section 6(b), such Investor will reimburse an Company Indemnified Person any legal or other expenses reasonably incurred by such Company Indemnified Person in connection with investigating or defending any such Claim; provided, however, the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld or delayed, provided further that such Investor shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the applicable sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Company Indemnified Person and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

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

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

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

7. Contribution.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however: (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6 of this Agreement, (ii) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the amount of net proceeds received by such seller from the applicable sale of such Registrable Securities pursuant to such Registration Statement. Notwithstanding the provisions of this Section 7, no Investor shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Investor from the applicable sale of the Registrable Securities subject to the Claim exceeds the amount of any damages that such Investor has otherwise been required to pay, or would otherwise be required to pay under Section 6(b), by reason of such untrue or alleged untrue statement or omission or alleged omission.

8. Reports Under the 1934 Act.

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

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

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements (it being understood and agreed that nothing herein shall limit any obligations of the Company under the Securities Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting, submission and posting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company with the SEC if such reports are not publicly available via EDGAR, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

9. Assignment of Registration Rights.

Each Investor may transfer or assign its respective rights hereunder in the manner and to the Persons as permitted under the Securities Purchase Agreement; provided in each case that (i) such Investor agrees in writing with the transferee or assignee to assign such rights and related obligations under this Agreement, and for the transferee or assignee to assume such obligations, and a copy of such agreement is furnished to the Company within a reasonable time after such transfer or assignment (as the case may be); (ii) the Company is, within a reasonable time after such transfer or assignment (as the case may be), furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being transferred or assigned, (iii) at or before the time the Company received the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, (iv) immediately following such transfer or assignment (as the case may be) the further disposition of such securities by such transferee or assignee (as the case may be) is restricted under the 1933 Act or applicable state securities laws if so required, and (v) the transferee is an "accredited investor," as that term is defined in Rule 501 of Regulation D.

10. Amendment of Registration Rights.

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

11. Miscellaneous.

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

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

If to the Company:

Channel Therapeutics Corporation
4400 Route 9 South, Suite 1000
Freehold, NJ 07728
Telephone: (877) 265-8266
Attention: Chief Executive Officer
E-Mail: frank@channeltxco.com

With a copy (for informational purposes only) to:

1251 Avenue of the Americas
New York, NY 10020
Telephone: (212) 660-3000
Attention: David Danovitch, Esq.
E-Mail: ddanovitch@sullivanlaw.com

If to the Transfer Agent:

Nevada Agency and Transfer Company
50 West Liberty Street, Suite 880
Reno NV 89501
Telephone: 775.322.0626
Attention: Amanda Cardinalli
E-Mail: amanda@natco.com

If to a Buyer, to its address, facsimile number and/or email address set forth on the Schedule of Buyers attached to the Securities Purchase Agreement, with copies to such Buyer’s representatives as set forth on the Schedule of Buyers, or to such other address, facsimile number, and/or email address and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender’s facsimile machine or email containing the time, date, recipient facsimile number or email address and an image of the first page of such transmission or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

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

(d) All questions concerning the construction, validity, enforcement and interpretation of this Agreement 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. Each party 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. Each party 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 such party at the address for such notices to it under this 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. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

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

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

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

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

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

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

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

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

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

(n) The obligations of each Investor under this Agreement and the other Transaction Documents are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under this Agreement or any other Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as, and the Company acknowledges that the Investors do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Investors are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Investors are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by this Agreement or any of the other the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained herein was solely in the control of the Company, not the action or decision of any Investor, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Investor. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and an Investor, solely, and not between the Company and the Investors collectively and not between and among Investors.

[signature page follows]

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

COMPANY:

CHANNEL THERAPEUTICS CORPORATION

By: Francis Knuettel II

Name: Francis Knuettel II
Title: Chief Executive Officer and Chief Financial Officer

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

BUYERS:

LIGAND PHARMACEUTICAL INCORPORATED

By: Richard Baxter

Name: Richard Baxter
Title: Senior Vice President, Investment Operations

EXHIBIT A

SELLING SHAREHOLDER QUESTIONNAIRE

SELLING SHAREHOLDER QUESTIONNAIRE

_____ Name of Selling Shareholder (please print)

[COMPANY]

QUESTIONNAIRE FOR SELLING SHAREHOLDERS

IMPORTANT: IMMEDIATE ATTENTION REQUIRED

The undersigned owner of Registrable Securities (as such term is defined in the Registration Rights Agreement) of [Company], a Nevada corporation (the "***Company***"), understands that the Company intends to file with the Securities and Exchange Commission (the "***SEC***") a registration statement for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "***Securities Act***"), of the Registrable Securities (the "***Registration Statement***") issued pursuant to that certain Securities Purchase Agreement, dated as of [●], 2025, to which the Company and the undersigned are parties (the "***Purchase Agreement***"), and in accordance with the terms of that certain Registration Rights Agreement, dated as of [●], 2025, to which the Company and the undersigned are parties (the "***Registration Rights Agreement***"). The undersigned owner of Registrable Securities (the "***Investor***") understands that, pursuant to the Registration Rights Agreement, the undersigned will be named as a selling shareholder in the prospectus that forms a part of the Registration Statement, and the Company will use the information that the undersigned provides in this questionnaire to ensure the accuracy of the Registration Statement and the prospectus. **The Company must receive a completed Questionnaire from each Investor in order to include such Investor's Registrable Securities in the Registration Statement.**

Please note that if the entity completing this questionnaire is not a natural person, in addition to disclosing any material relationships between the Company and that entity, you should also provide relevant information about any persons (whether they are entities or natural persons) who exercise discretionary control over the entity completing this questionnaire, and who have had a material relationship with the registrant or any of its predecessors or affiliates within the past three years.

The furnishing of accurate and complete responses to the questions posed in this Questionnaire is an extremely important part of the registration process. The inclusion of inaccurate or incomplete disclosures in the Registration Statement can result in potential liabilities, both civil and criminal, to the Company and to the individuals who furnish the information. Accordingly, Investors are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Registration Statement and related prospectus.

PLEASE GIVE A RESPONSE TO EVERY QUESTION, indicating "None" or "Not Applicable" where appropriate. **Please complete, sign, and return one copy of this Questionnaire by email or overnight courier as soon as possible.**

[●]

Attn: [●]
E-mail: [●]

Unless stated otherwise, answers should be given as of the date you complete this Questionnaire. However, it is your responsibility to inform us of any changes that may occur to your situation. If there is any situation about which you have any doubt, or if you are uncertain as to the meaning of any terms used in this Questionnaire, please contact [●] at [●] or [●].

PART I - STOCK OWNERSHIP

Item 1. Beneficial Ownership.

a. Deemed Beneficial Ownership. Please state the amount of securities of the Company you own on the date you complete this Questionnaire. (If none, please so state in each case.)

Amount Beneficially Owned[1]	Number of Shares of Common Stock Owned

Please state the number of shares owned by you or by family members, trusts and other organizations with which you have a relationship, and any other shares of which you may be deemed to be the "beneficial owner"[1]:

Total Shares: _____

Of such shares: _____

Shares as to which you have sole voting power: _____

Shares as to which you have shared voting power: _____

Shares as to which you have sole investment power: _____

Shares as to which you have shared investment power: _____

Shares which you will have a right to acquire before 60 days after the date you complete this questionnaire through the exercise of options, warrants or otherwise: _____

Do you have any present plans to exercise options or otherwise acquire, dispose of or to transfer shares of Common Stock of the Company between the date you complete this Questionnaire and the date which is 60 days after the date in which the Registration Statement is filed?

Answer:

If so, please describe.

b. Pledged Securities. If any of such securities have been pledged or otherwise deposited as collateral or are the subject matter of any voting trust or other similar agreement or of any contract providing for the sale or other disposition of such securities, please give the details thereof.

Answer:

c. Disclaimer of Beneficial Ownership. Do you wish to disclaim beneficial ownership[1] of any of the shares reported in response to Item 1(a)?

Answer:

If the answer is "Yes", please furnish the following information with respect to the person or persons who should be shown as the beneficial owner(s)[1] of the shares in question.

Name and Address of Actual Beneficial Owner	Relationship of Such Person To You	Number of Shares Beneficially Owned

d. Shared Voting or Investment Power over Securities. Will any person be deemed to have beneficial ownership over any of the Securities (as such term is defined in the Purchase Agreement) purchased by you pursuant to the Purchase Agreement?

Answer:

If the answer is "Yes", please furnish the following information with respect to the person or persons who should be shown as the beneficial owner(s)[1] of the Securities in question.

Name and Address of Beneficial Owner	Relationship of Such Person To You	Number of Shares Beneficially Owned

Item 2. Major Shareholders. Please state below the names of persons or groups known by you to own beneficially[1] more than 5% of the Company's Common Stock.

Answer:

Item 3. Change of Control. Do you know of any contractual arrangements, including any pledge of securities of the Company, the operation of which may at a subsequent date result in a change of control of the Company?

Answer:

Item 4. Relationship with the Company. Please state the nature of any position, office or other material relationship you have, or have had within the past three years, with the Company or its affiliates.

Name	Nature of Relationship

Item 5. Broker-Dealer Status. Is the Investor a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")?

☐ Yes
☐ No.

If so, please answer the remaining questions under this Item 5.

Note that the Company will be required to identify any registered broker-dealer as an underwriter in the Registration Statement and related prospectus.

a. If the Investor is a registered broker-dealer, please indicate whether the Investor purchased its Common Stock for investment or acquired them as transaction-based compensation for investment banking or similar services.

Answer:

Note that if the Investor is a registered broker-dealer and received its Common Stock other than as transaction-based compensation, the Company is required to identify the Investor as an underwriter in the Registration Statement and related prospectus.

b. Is the Investor an affiliate of a registered broker-dealer? For purposes of this Question, an "affiliate" of a specified person or entity means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person or entity specified.

☐ Yes.
☐ No.

If so, please answer questions (i)-(iii) below under this Item 5(b).

i. Please describe the affiliation between the Investor and any registered broker-dealers:

ii. If the Common Stock was received by the Investor other than in the ordinary course of business, please describe the circumstances:

iii. If the Investor, at the time of its receipt of Common Stock, has had any agreements or understandings, directly or indirectly, with any person to distribute the Common Stock, please describe such agreements or understandings:

*Note that if the Investor is an affiliate of a broker-dealer and did **not** receive its Common Stock in the ordinary course of business or at the time of receipt had any agreements or understandings, directly or indirectly, to distribute the securities, the Company must identify the Investor as an underwriter in the Registration Statement and related prospectus.*

Item 6. Nature of Beneficial Holding. The purpose of this question is to identify the ultimate natural person(s) or publicly held entity that exercise(s) sole or shared voting or dispositive power over the Registrable Securities.

a. Is the Investor a natural person?

☐ Yes.
☐ No

b. Is the Investor required to file, or is it a wholly owned subsidiary of a company that is required to file, periodic and other reports (for example, Form 10-K, 10-Q, 8-K) with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act?

☐ Yes.
☐ No.

c. Is the Investor an investment company, or a subsidiary of an investment company, registered under the Investment Company Act of 1940, as amended?

☐ Yes.
☐ No.

If a subsidiary, please identify the publicly held parent entity:

d. If you answered "no" to questions (a), (b) and (c) above, please identify the controlling person(s) of the Investor (the "***Controlling Entity***"). If the Controlling Entity is not a natural person or a publicly held entity, please identify each controlling person(s) of such Controlling Entity. This process should be repeated until you reach natural persons or a publicly held entity that exercises sole or shared voting or dispositive power over the Registrable Securities:

*****PLEASE NOTE THAT THE SEC REQUIRES THAT THESE NATURAL PERSONS BE NAMED IN THE PROSPECTUS*****

PART II - CERTAIN TRANSACTIONS

Item 7. Transactions with the Company. If you, any of your associates[2], or any member of your immediate family[3] had or will have any direct or indirect material interest in any transactions[4] or series of transactions to which the Company or any of its subsidiaries was a party at any time since January 1, 2023, or in any currently proposed transactions or series of transactions in which the Company or any of its subsidiaries will be a party, in which the amount involved exceeds $120,000, please specify (a) the names of the parties to the transaction(s) and their relationship to you, (b) the nature of the interest in the transaction, (c) the amount involved in the transaction, and (d) the amount of the interest in the transaction. If the answer is "none", please so state.

Answer:

Item 8. Third Party Payments. Please describe any compensation paid to you by a third party pursuant to any arrangement between the Company and any such third party.

Answer:

* * *

The undersigned has reviewed the Plan of Distribution set forth on Exhibit B of the Registration Rights Agreement and does not have a present intention of effecting a sale in a manner not described therein.

_____ Agree _____ Disagree
(If left blank, response will be deemed to be "Agree".)

The undersigned hereby represents that the undersigned is familiar with Interpretation A.65 in the Securities and Exchange Commission, Division of Corporation Finance, Manual of Publicly Available Telephone Interpretations dated July 1997, a copy of which is set forth below, and that the undersigned will comply with all applicable laws in respect of its sales of the Common Stock.

> Securities Act Sections Compliance and Disclosure Interpretations Section 239.10: "An issuer filed a Form S-3 registration statement for a secondary offering of common stock which is not yet effective. One of the selling shareholders wanted to do a short sale of common stock "against the box" and cover the short sale with registered shares after the effective date. The issuer was advised that the short sale could not be made before the registration statement becomes effective, because the shares underlying the short sale are deemed to be sold at the time such sale is made. There would, therefore, be a violation of Section 5 if the shares were effectively sold prior to the effective date."

SIGNATURE

The undersigned understands that the Company anticipates filing the Registration Statement within the time frame set forth in the Registration Rights Agreement. If at any time any of the information set forth in my responses to this Questionnaire has materially changed due to passage of time (other than due to the receipt of the Registrable Securities set forth opposite the undersigned's name in the Schedule of Buyers in the Purchase Agreement), or any development occurs which requires a change in any of my answers, or has for any other reason become incorrect, the undersigned agrees to furnish as soon as practicable to the individual to whom a copy of this Questionnaire is to be sent, as indicated and at the address shown on the first page hereof, any necessary or appropriate correcting information. Otherwise, the Company is to understand that the above information continues to be, to the best of my knowledge, information and belief, complete and correct.

The undersigned understands that the information that the undersigned is furnishing to the Company herein will be used by the Company in the preparation of the Registration Statement.

Name of Investor: _____

Date: _____, 2025

Signature: _____

Print Name: _____

Title (if applicable): _____

Address: _____

_____
Street

_____
Street

_____
City State Zip Code

_____
Telephone Number

_____
Email Address

FOOTNOTES

1. Beneficial Ownership. You are the beneficial owner of a security, as defined in Rule 13d-3 under the Exchange Act, if you, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise have or share: (1) voting power, which includes the power to vote, or to direct the voting of, such security, and/or (2) investment power, which includes the power to dispose, or to direct the disposition of, such security. You are also the beneficial owner of a security if you, directly or indirectly, create or use a trust, proxy, power of attorney, pooling arrangement or any other contract, arrangement or device with the purpose or effect of divesting yourself of beneficial ownership of a security or preventing the vesting of such beneficial ownership.

   You are deemed to be the beneficial owner of a security if you have the right to acquire beneficial ownership of such security at any time within 60 days including, but not limited to, any right to acquire such security through the exercise of any option, warrant or right, (b) through the conversion of a security, or (c) pursuant to the automatic termination of, or the power to revoke a trust, discretionary account, or similar arrangement.

   Ordinarily, shares held in the name of your spouse or minor child should be considered as beneficially owned by you absent special circumstances to indicate that you do not have, as a practical matter, voting power or investment power over such shares. Similarly, absent countervailing facts, securities held in the name of relatives who share your home are to be reported as being beneficially owned by you. In addition, securities held for your benefit in the name of others, such as nominees, trustees and other fiduciaries, securities held by a partnership of which you are a partner, and securities held by a corporation controlled by you should be regarded as beneficially owned by you.

   This definition of beneficial ownership is very broad; therefore, even though you may not actually have or share voting or investment power with respect to securities owned by persons in your family or living in your home, you should include such shares in your beneficial ownership disclosure and may then disclaim beneficial ownership of such securities.

2. Associate. The term "associate", as defined in Rule 14a-1 under the Exchange Act, means (a) any corporation or organization (other than the Company or any of its majority owned subsidiaries) of which you are an officer or partner or are, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (b) any trust or other estate in which you have a substantial beneficial interest or as to which you serve as trustee or in a similar capacity, and (c) your spouse, or any relative of yours or relative of your spouse living in your home or who is a director or officer of the Company or of any subsidiary. The term "relative of yours" as used in this Questionnaire refers to any relative or spouse of yours, or any relative of such spouse, who has the same home as you or who is a director or officer of any subsidiary of the Company.

   Please identify your associate referred to in your answer and indicate your relationship.

3. Immediate Family. The members of your "immediate family" are deemed to include the following: your spouse; your parents; your children; your siblings; your mother-in-law or father-in-law; your sons- and daughters-in-law; and your brothers- and sisters-in-law.

4. Transactions. The term "transaction" is to be understood in its broadest sense, and includes the direct or indirect receipt of anything of value. Please note that indirect as well as direct material interests in transactions are to be disclosed. Transactions in which you would have a direct interest would include your purchasing or leasing anything (stock in a business acquired by the Company, office space, plants, Company apartments, computers, raw materials, finished goods, etc.) from or selling or leasing anything to, or borrowing or lending cash or other property from or to, the Company, or any subsidiary.

EXHIBIT B
SELLING STOCKHOLDERS

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

The table below lists the selling stockholders and other information regarding the beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder) of the shares of common stock held by each of the selling stockholders. The second column lists the number of shares of common stock beneficially owned by the selling stockholders, based on their respective ownership of shares of common stock, preferred shares, as of _____, 202_, assuming conversion of the preferred shares held by each such selling stockholder on that date but taking account of any limitations on conversion set forth therein.

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

In accordance with the terms of a registration rights agreement with the holders of the preferred shares, this prospectus generally covers the resale of 100% of the maximum number of shares of common stock issued or issuable pursuant to Certificate of Designations (with the maximum number of shares of common stock issued determined as if the outstanding preferred shares were converted in full (without regard to any limitations on conversion contained therein solely for the purpose of such calculation) at a conversion price calculated as of the trading day immediately preceding the date this registration statement was initially filed with the SEC). Because the conversion price of the preferred shares may be adjusted, the number of shares that will actually be issued may be more or less than the number of shares being offered by this prospectus. The fourth column assumes the sale of all of the shares offered by the selling stockholders pursuant to this prospectus.

Under the terms of the preferred shares, a selling stockholder may not convert the preferred shares to the extent (but only to the extent) such selling stockholder or any of its affiliates would beneficially own a number of shares of our common stock which would exceed [4.99][9.99]% of the outstanding shares of the Company. The number of shares in the second column reflects these limitations. The selling stockholders may sell all, some or none of their shares in this offering. See "Plan of Distribution."

Name of Selling Stockholder	Number of Shares of Common Stock Owned Prior to Offering	Maximum Number of Shares of Common Stock to be Sold Pursuant to this Prospectus	Number of Shares of Common Stock of Owned After Offering
[ ](1)			
[ ](2)			
[ ](3)			

(1) [ ]

(2) [ ]

(3) [ ]

PLAN OF DISTRIBUTION

We are registering the shares of common stock issuable upon conversion of the preferred shares to permit the resale of these shares of common stock by the holders of the preferred shares from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling stockholders of the shares of common stock. We will bear all fees and expenses incident to our obligation to register the shares of common stock.

The selling stockholders may sell all or a portion of the shares of common stock held by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, the selling stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions, pursuant to one or more of the following methods:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing or settlement of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales made after the date the Registration Statement is declared effective by the SEC;
- broker-dealers may agree with a selling security holder to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and

- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares of common stock under Rule 144 promulgated under the Securities Act of 1933, as amended, if available, rather than under this prospectus. In addition, the selling stockholders may transfer the shares of common stock by other means not described in this prospectus. If the selling stockholders effect such transactions by selling shares of common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of common stock or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of common stock in the course of hedging in positions they assume. The selling stockholders may also sell shares of common stock short and deliver shares of common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling stockholders may also loan or pledge shares of common stock to broker-dealers that in turn may sell such shares.

The selling stockholders may pledge or grant a security interest in some or all of the preferred shares or shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending, if necessary, the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer and donate the shares of common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

To the extent required by the Securities Act and the rules and regulations thereunder, the selling stockholders and any broker-dealer participating in the distribution of the shares of common stock may be deemed to be “underwriters” within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of common stock is made, a prospectus supplement, if required, will be distributed, which will set forth the aggregate amount of shares of common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling stockholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers.

Under the securities laws of some states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any selling stockholder will sell any or all of the shares of common stock registered pursuant to the registration statement, of which this prospectus forms a part.

The selling stockholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the selling stockholders and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

We will pay all expenses of the registration of the shares of common stock pursuant to the registration rights agreement, estimated to be $[ ] in total, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, a selling stockholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the selling stockholders against liabilities, including some liabilities under the Securities Act in accordance with the registration rights agreements or the selling stockholders will be entitled to contribution. We may be indemnified by the selling stockholders against civil liabilities, including liabilities under the Securities Act that may arise from any written information furnished to us by the selling stockholder specifically for use in this prospectus, in accordance with the related registration rights agreements or we may be entitled to contribution.

Once sold under the registration statement, of which this prospectus forms a part, the shares of common stock will be freely tradable in the hands of persons other than our affiliates.

Exhibit 10.9

PELTHOS THERAPEUTICS INC.
INDEMNIFICATION AGREEMENT

This **INDEMNIFICATION AGREEMENT** (this "Agreement") is made as of [●], 2025 (the "Effective Date"), by and between Pelthos Therapeutics Inc., a Nevada corporation (the "Company"), and [●] (the "Indemnitee").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of such corporations;

WHEREAS, the board of directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions;

WHEREAS, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself;

WHEREAS, the Articles of Incorporation (the "Charter") of the Company provide indemnification to the Company's officers and directors and other specified persons with respect to their conduct in various capacities. Indemnitee may also be entitled to indemnification pursuant to applicable provisions of Chapter 78 of *Nevada Revised Statutes*, as amended (the "Revised Statues"). The Charter and the Revised Statues expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification, hold harmless, exoneration, advancement and reimbursement rights;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, hold harmless, exonerate and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so protected against liabilities;

WHEREAS, this Agreement is a supplement to and in furtherance of the Charter and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee may not be willing to serve as an officer or director, advisor or in another capacity without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. SERVICES TO THE COMPANY. In consideration of the Company's covenants and obligations hereunder, Indemnitee will serve or continue to serve as an officer, director, advisor, key employee or in any other capacity of the Company, as applicable, for so long as Indemnitee is duly elected, appointed, retained, until any employment agreement with respect to Indemnitee is terminated, until Indemnitee tenders Indemnitee's resignation or until Indemnitee is removed. The foregoing notwithstanding, this Agreement shall continue in full force and effect after Indemnitee has ceased to serve as a director, officer, advisor, key employee or in any other capacity of the Company, in each case as provided in Section 17 of this Agreement. This Agreement, however, shall not impose any obligation on Indemnitee or the Company to continue Indemnitee's service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any.

2. DEFINITIONS. As used in this Agreement:

(a) "Agent" shall mean any person who is or was a director, officer or employee of the Company or a Subsidiary (as defined below) of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a Subsidiary of the Company.

(b) "Beneficial Owner" and "Beneficial Ownership" shall have the meanings set forth in Rule 13d-3 promulgated under the Exchange Act (as defined below) as in effect on the date hereof.

(c) "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors, unless (1) the change in the relative Beneficial Ownership of the Company's securities by any Person (as defined below) results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, or (2) such acquisition was approved in advance by the Continuing Directors (as defined below) and such acquisition would not constitute a Change in Control under part (iii) of this definition;

(ii) Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board, and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two thirds (2/3) of the directors then still in office who were directors on the date hereof or whose election for nomination for election was previously so approved (collectively, the "Continuing Directors"), cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination, involving the Company and one or more businesses (a "Business Combination"), in each case, unless, following such Business Combination: (1) all or substantially all of the individuals and entities who were the Beneficial Owners of securities entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty-one percent (51%) of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries (as defined below)) in substantially the same proportions as their ownership immediately prior to such Business Combination, of the securities entitled to vote generally in the election of directors; (2) no Person (excluding any corporation resulting from such Business Combination) is the Beneficial Owner, directly or indirectly, of fifteen percent (15%) or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of the surviving corporation except to the extent that such ownership existed prior to the Business Combination; and (3) at least a majority of the Board of Directors of the corporation resulting from such Business Combination were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination;

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company's assets, other than factoring the Company's current receivables or escrows due (or, if such stockholder approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions); or

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or any successor rule) (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

(d) "Corporate Status" describes the status of a person who is or was a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent of the Company or of any other Enterprise (as defined below) which such person is or was serving at the request of the Company.

(e) "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding (as defined below) in respect of which indemnification is sought by Indemnitee.

(f) "Enterprise" shall mean the Company, any Subsidiary (as defined below) of the Company, and any other corporation, constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly-owned Subsidiaries (as defined below)) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, manager, general partner, managing member, fiduciary, employee or agent.

(g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(h) "Expenses" shall include all direct and indirect costs, fees and expenses of any type or nature whatsoever, including, without limitation, all reasonable attorneys' fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, fees of private investigators and professional advisors, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, fax transmission charges, secretarial services and all other disbursements, obligations or expenses in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settlement or appeal of, or otherwise participating in, a Proceeding (as defined below), including reasonable compensation for time spent by Indemnitee for which Indemnitee is not otherwise compensated by the Company or any third party. "Expenses" also shall include expenses incurred in connection with any appeal resulting from any Proceeding (as defined below), including without limitation the principal, premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. "Expenses," however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or Fines (as defined below) against Indemnitee.

(i) "Fines" shall include all fines, including, without limitation, any excise tax assessed on Indemnitee with respect to any employee benefit plan and any fines imposed on Indemnitee by any governmental authority.

(j) "Independent Counsel" shall mean a law firm or a member of a law firm with significant experience in matters of corporate law and that neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements with the Company); or (ii) any other party to the Proceeding (as defined below) giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(k) "Nevada Court" shall mean the Second Judicial District Court's business courts in the state of Nevada.

(l) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act as in effect on the date hereof; provided, however, that "Person" shall exclude: (i) the Company; (ii) any Subsidiaries (as defined below) of the Company; (iii) any employment benefit plan of the Company or of a Subsidiary (as defined below) of the Company or of an Enterprise owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; and (iv) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary (as defined below) of the Company or of an Enterprise owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(m) "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative or related nature, in which Indemnitee was, is, will or might be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action (or failure to act) taken by Indemnitee or of any action (or failure to act) on Indemnitee's part while acting as a director or officer of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(n) "serving at the request of the Company" shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

(o) "Subsidiary", with respect to any Person, shall mean any corporation, limited liability company, partnership, joint venture, trust or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

3. INDEMNITY IN THIRD-PARTY PROCEEDINGS. To the fullest extent permitted by applicable law, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Section 3 if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness, deponent or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Indemnitee's Corporate Status. Pursuant to this Section 3, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses, judgments, liabilities, Fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, liabilities, Fines, penalties and amounts paid in settlement) actually, and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that Indemnitee's conduct was unlawful.

4. INDEMNITY IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY. To the fullest extent permitted by applicable law, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Section 4 if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness, deponent or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Indemnitee's Corporate Status. Pursuant to this Section 4, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification, hold harmless or exoneration for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought or the Nevada Court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification, to be held harmless or to exoneration.

5. INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL. Notwithstanding any other provisions of this Agreement, except as set forth in Section 27 of this Agreement, to the extent that Indemnitee was or is, by reason of Indemnitee's Corporate Status, a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. If Indemnitee is not wholly successful in such Proceeding, the Company also shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue, or matter on which Indemnitee was successful. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

6. INDEMNIFICATION FOR EXPENSES OF A WITNESS. Notwithstanding any other provision of this Agreement, except as set forth in Section 27 of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness or deponent in any Proceeding to which Indemnitee was or is not a party or threatened to be made a party, Indemnitee shall, to the fullest extent permitted by applicable law, be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

7. ADDITIONAL INDEMNIFICATION, HOLD HARMLESS AND EXONERATION RIGHTS. Notwithstanding any limitation in Sections 3, 4, or 5 and except as set forth in Section 27 of this Agreement, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, liabilities, Fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, liabilities, Fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding. No indemnification, hold harmless or exoneration rights shall be available under this Section 7 on account of Indemnitee's conduct which constitutes a breach of Indemnitee's duty of loyalty to the Company or its stockholders, which constitutes an act or omission not in good faith or which involves Indemnitee's intentional misconduct or a knowing violation of law.

8. CONTRIBUTION IN THE EVENT OF JOINT LIABILITY.

(a) To the fullest extent permissible under applicable law, if the indemnification, hold harmless and/or exoneration rights provided for in this Agreement are unavailable to Indemnitee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying, holding harmless or exonerating Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for judgments, liabilities, Fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

(b) The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(c) The Company hereby agrees to fully indemnify, hold harmless and exonerate Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company other than Indemnitee who may be jointly liable with Indemnitee.

9. EXCLUSIONS. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification, advance Expenses, hold harmless or exoneration payment in connection with any claim made against Indemnitee:

(a) for which payment has actually been received by or on behalf of Indemnitee under any insurance policy or other indemnity or advancement provision, except with respect to any excess beyond the amount actually received under any insurance policy, contract, agreement, other indemnity or advancement provision or otherwise;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (or any successor rule) or similar provisions of state statutory law or common law; or

(c) except as otherwise provided in Sections 14(f)-(g) of this Agreement, prior to a Change in Control, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, hold harmless or exoneration payment, in its sole discretion, pursuant to the powers vested in the Company under applicable law. Indemnitee shall seek payments or advances from the Company only to the extent that such payments or advances are unavailable from any insurance policy of the Company covering Indemnitee.

10. ADVANCES OF EXPENSES; DEFENSE OF CLAIM.

(a) Notwithstanding any provision of this Agreement to the contrary, except as set forth in Section 27 of this Agreement, and to the fullest extent not prohibited by applicable law, the Company shall pay the Expenses incurred by Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding within ten (10) days after the receipt by the Company of a statement or statements requesting such advances from time to time, prior to the final disposition of any Proceeding. Advances shall, to the fullest extent permitted by law, be unsecured and interest free. Advances shall, to the fullest extent permitted by law, be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to be indemnified, held harmless or exonerated under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing a Proceeding to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. To the fullest extent required by applicable law, such payments of Expenses in advance of the final disposition of the Proceeding shall be made only upon the Company's receipt of an undertaking, by or on behalf of Indemnitee, to repay the advanced amounts to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified, held harmless or exonerated by the Company under the provisions of this Agreement, the Charter, if and as applicable, the bylaws (the "Bylaws"), applicable law or otherwise. This Section 10(a) shall not apply to any claim made by Indemnitee for which an indemnification, hold harmless or exoneration payment is excluded pursuant to Section 9 of this Agreement.

(b) With respect to any Proceeding of which the Company is notified pursuant to Section 11 of this Agreement, the Company will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to the Indemnitee. After notice from the Company to the Indemnitee of its election so to assume such defense, the Company shall not be liable to the Indemnitee for any Expenses subsequently incurred by the Indemnitee in connection with such claim, other than as provided below in this Section 10(b). The Indemnitee shall have the right to employ his, her or their own counsel in connection with such claim, but the Expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been authorized by the Company, (ii) counsel to the Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Company and the Indemnitee in the conduct of the defense of such action or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the Expenses of counsel for the Indemnitee shall be at the expense of the Company, except as otherwise expressly provided herein. The Company shall not be entitled, without the consent of the Indemnitee, to assume the defense of any claim brought by or in the right of the Company or as to which counsel for the Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above.

(c) The Company shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, liability, fine, penalty or limitation on Indemnitee without Indemnitee's prior written consent.

11. PROCEDURE FOR NOTIFICATION AND APPLICATION FOR INDEMNIFICATION.

(a) Indemnitee agrees to notify promptly the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding, claim, issue or matter therein which may be subject to indemnification, hold harmless or exoneration rights, or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement, or otherwise.

(b) Indemnitee may deliver to the Company a written application to indemnify, hold harmless or exonerate Indemnitee in accordance with this Agreement. Such application(s) may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Following such a written application for indemnification by Indemnitee, Indemnitee's entitlement to indemnification shall be determined according to Section 12(a) of this Agreement.

12. PROCEDURE UPON APPLICATION FOR INDEMNIFICATION.

(a) A determination, if required by applicable law, with respect to Indemnitee's entitlement to indemnification shall be made in the specific case by one of the following methods: (i) if no Change in Control has occurred (x) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (y) by a committee of Disinterested Directors, even though less than a quorum of the Board, or (z) if there are no Disinterested Directors, or if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control has occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby agrees to indemnify and to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) of this Agreement, the Independent Counsel shall be selected as provided in this Section 12(b). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 2 of this Agreement. If the Independent Counsel is selected by the Board, the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 2 of this Agreement. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 11(b) of this Agreement, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Nevada Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Nevada Court, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) of this Agreement. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) The Company agrees to pay the reasonable fees and expenses of Independent Counsel and to fully indemnify and hold harmless such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

13. PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(b) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by the Disinterested Directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by the Disinterested Directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent permitted by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors, trustees, general partners, managers or managing members of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member of the Enterprise, or on information or records given or reports made to the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member of the Enterprise, by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, manager, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

14. REMEDIES OF INDEMNITEE.

(a) In the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6, 7 or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) a contribution payment is not made in a timely manner pursuant to Section 8 of this Agreement, (vi) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vii) payment to Indemnitee pursuant to any hold harmless or exoneration rights under this Agreement or otherwise is not made in accordance with this Agreement, Indemnitee shall be entitled to an adjudication by the Nevada Court to such indemnification, hold harmless, exoneration, contribution or advancement rights. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a panel of three arbitrators with JAMS, or its successor, in New York, New York under the JAMS Comprehensive Arbitration Rules and Procedures (with each of Indemnitee and the Company choosing one arbitrator, and the chosen arbitrators choosing the third arbitrator). Except as set forth herein, the provisions of Nevada law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination.

(c) In any judicial proceeding or arbitration commenced pursuant to this Section 14, Indemnitee shall be presumed to be entitled to be indemnified, held harmless, and exonerated and to receive advancement of Expenses under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to be indemnified, held harmless, and exonerated and to receive advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 12(a) of this Agreement adverse to Indemnitee for any purpose. The Indemnitee's Expenses incurred in connection with successfully establishing his, her or their right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Company. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 14, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 10 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(d) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(e) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(f) The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten (10) days after the Company's receipt of such written request) pay to Indemnitee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee: (i) to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement or any other indemnification, hold harmless, exoneration, advancement or contribution agreement or provision of the Charter, or the Bylaws now or hereafter in effect; or (ii) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee, regardless of the outcome and whether Indemnitee ultimately is determined to be entitled to such indemnification, hold harmless or exoneration right, advancement, contribution or insurance recovery, as the case may be (unless such judicial proceeding or arbitration was not brought by Indemnitee in good faith).

(g) Interest shall be paid by the Company to Indemnitee at the legal rate under Nevada law for amounts which the Company indemnifies, holds harmless or exonerates, or advances, or is obliged to indemnify, hold harmless or exonerate or advance for the period commencing with the date on which Indemnitee requests indemnification, to be held harmless, exonerated, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

15. SECURITY. Notwithstanding anything herein to the contrary, except as set forth in Section 27 of this Agreement, to the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

16. NON-EXCLUSIVITY; SURVIVAL OF RIGHTS; INSURANCE; SUBROGATION.

(a) The rights of Indemnitee as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any Proceeding (regardless of when such Proceeding is first threatened, commenced or completed) or claim, issue or matter therein arising out of, or related to, any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification, hold harmless or exoneration rights or advancement of Expenses than would be afforded currently under the Charter or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Revised Statues, the Charter and the Bylaws may permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements including, but not limited to, providing a trust fund, letter of credit, or surety bond ("Indemnification Arrangements") on behalf of Indemnitee against any liability asserted against Indemnitee or incurred by or on behalf of Indemnitee or in such capacity as a director, officer, employee or agent of the Company, or arising out of Indemnitee's status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement or under the Revised Statues, as it may then be in effect. The purchase, establishment, and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managers, managing members, fiduciaries, employees, or agents of the Company or of any other Enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, managers, managing member, fiduciary, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness, deponent or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Company, to the fullest extent permitted by law, shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) If the Indemnitee is entitled under any provision hereof to indemnification by the Company for some or a portion of the Expenses paid in settlement actually and reasonably incurred by him, her or them or on his, her or their behalf in connection with any Proceeding and any appeal therefrom but not, however, for the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion of such Expenses paid in settlement to which the Indemnitee is entitled. The Company's obligation to indemnify, hold harmless, exonerate or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, manager, managing member, fiduciary, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification, hold harmless or exoneration payments or advancement of Expenses from such Enterprise. Notwithstanding any other provision of this Agreement to the contrary except as set forth in Section 27 of this Agreement, (i) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification, hold harmless, exoneration, advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to the Company's satisfaction and performance of all its obligations under this Agreement, and (ii) the Company shall perform fully its obligations under this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, hold harmless, exoneration, contribution or insurance coverage rights against any person or entity other than the Company.

17. DURATION OF AGREEMENT. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee serves as a director or officer of the Company or as a director, officer, trustee, partner, manager, managing member, fiduciary, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise which Indemnitee serves at the request of the Company or pursuant to any employment agreement with the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement) by reason of Indemnitee's Corporate Status, whether or not Indemnitee is acting in any such capacity at the time any liability or Expense is incurred for which indemnification or advancement can be provided under this Agreement.

18. SEVERABILITY. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

19. ENFORCEMENT AND BINDING EFFECT.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer or key employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer or key employee of the Company.

(b) Without limiting any of the rights of Indemnitee under the Charter or Bylaws as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The indemnification, hold harmless, exoneration and advancement of Expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(d) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(e) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may, to the fullest extent permitted by law, enforce this Agreement by seeking, among other things, injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. The Company and Indemnitee further agree that Indemnitee shall, to the fullest extent permitted by law, be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court of competent jurisdiction. The Company hereby waives any such requirement of such a bond or undertaking to the fullest extent permitted by law.

20. MODIFICATION AND WAIVER. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the Company and Indemnitee. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

21. NOTICES. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed on such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third (3rd) business day after the date on which it is so mailed:

(1) if to Indemnitee:

[●]
[ADDRESS]
Email: [●]

(2) if to the Company:

Pelthos Therapeutics Inc.
4400 Route 9 South, Suite 1000
Freehold, NJ 07728
Attn: Chief Executive Officer

with a copy to:

Sullivan & Worcester LLP
1251 Avenue of the Americas
New York, NY 10020
Attention: David E. Danovitch, Esq. and Charles Chambers Jr., Esq.
Email: ddanovitch@sullivanlaw.com; cchambers@sullivanlaw.com

or to any other address as may have been furnished to Indemnitee in writing by the Company.

22. APPLICABLE LAW AND CONSENT TO JURISDICTION. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, to the fullest extent permitted by law, the Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Nevada Court and not in any other state or federal court in the United States of America or any court in any other country; (b) consent to submit to the exclusive jurisdiction of the Nevada Court for purposes of any action or proceeding arising out of or in connection with this Agreement; (c) waive any objection to the laying of venue of any such action or proceeding in the Nevada Court; and (d) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Nevada Court has been brought in an improper or inconvenient forum, or is subject (in whole or in part) to a jury trial. To the fullest extent permitted by law, the parties hereby agree that the mailing of process and other papers in connection with any such action or proceeding in the manner provided by Section 21 of this Agreement or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

23. IDENTICAL COUNTERPARTS. This Agreement may be executed in one or more counterparts (including by electronic delivery of a counterpart in pdf format), each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

24. MISCELLANEOUS. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

25. PERIOD OF LIMITATIONS. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action such shorter period shall govern.

26. ADDITIONAL ACTS. If. for the validation of any of the provisions in this Agreement, any act, resolution, approval or other procedure is required to the fullest extent permitted by law, the Company undertakes to cause such act, resolution, approval or other procedure to be affected or adopted in a manner that will enable the Company to fulfill its obligations under this Agreement.

27. MAINTENANCE OF INSURANCE. The Company shall use commercially reasonable efforts to obtain and maintain in effect during the entire period for which the Company is obligated to indemnify the Indemnitee under this Agreement, one or more policies of insurance with reputable insurance companies to provide the officers/directors of the Company with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. The Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director or officer under such policy or policies. In all such insurance policies, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed as of the date set forth below.

PELTHOS THERAPEUTICS INC.

By: _____

Name: _____
Title: _____
Date: _____

INDEMNITEE

_____
[●]
Date: _____

[Signature Page to Pelthos Therapeutics Inc. – [●] Indemnification Agreement]

Exhibit 10.10

EXECUTION COPY

CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this "**Agreement**") is made as of July 1, 2025 (the "**Effective Date**") by and between Channel Therapeutics Corporation, a Nevada corporation ("**Contributor**"), and Channel Pharmaceutical Corporation, a Nevada corporation (the "**Company**" or "**Recipient**"). Contributor and the Company are collectively referred to herein as the "**Parties**." Defined terms used in this Agreement which are not elsewhere defined are defined in Section E(xii) hereof.

RECITALS

WHEREAS, Contributor is a clinical-stage biotechnology company focused on developing and commercializing novel, non-opioid, non-addictive therapeutics to alleviate pain, and owns certain patents and "Know How" (as defined herein) and other technology relating to the sodium ion-channel known as NaV1.7 for the treatment of various types of systemic chronic pain, acute and chronic eye pain and post-surgical nerve blocks (collectively, the "**Intellectual Property Rights**"); and

WHEREAS, Contributor desires to contribute the Intellectual Property Rights to the Company, and the Company desires to acquire the Intellectual Property Rights from Contributor, on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound hereby, agree as follows:

A. Transactions and Agreements

i. Transferred Assets. Contributor hereby agrees to contribute, convey, transfer, assign and deliver to the Company, and the Company agrees to accept from Contributor, all right, title and interest that Contributor possesses and has the right to transfer, in each case, in, to and under certain Intellectual Property Rights and certain other assets set forth on **Schedule A** attached hereto (together with all accounts, agreements (as from time to time amended, restated, reformed, supplemented or otherwise modified, and any annexes, exhibits and schedules thereto), licenses, contract rights, general intangibles, goods, inventory and all cash, cash-equivalents and non-cash proceeds and products of the foregoing, collectively, the "**Transferred Assets**").

ii. Issuance of Stock. The Company shall deliver to Contributor 100 duly authorized, validly issued, fully paid and nonassessable shares of common stock, par value $0.0001 per share, of the Company.

iii. License Right. The Company shall have the option to license all intellectual property Contributor owns or controls as might be necessary to allow the Company to develop and commercialize NaV1.7 for the treatment of various types of systemic chronic pain, acute and chronic eye pain and post-surgical nerve blocks. The license shall be nonexclusive, unless otherwise agreed, and the terms of the license agreement shall be negotiated between the Company and Contributor. This option and the license are granted as part of the consideration contemplated in this Agreement and the additional consideration the Company shall pay to Contributor under the license will be no more than $1.00.

iv. IP Assignment and Assumption Agreement. On or prior to the date hereof, Contributor and the Company shall have entered into one or more IP Assignment and Assumption Agreements, substantially in the form attached hereto as **Exhibit A** (each, an "**IP Assignment and Assumption Agreement**").

B. Representations and Warranties

i. Representations and Warranties of the Parties. Each Party makes the following representations and warranties to each other Party:

(1) It is duly formed, is validly existing and in good standing under the laws of the State of Nevada, and has all company powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not, individually or in the aggregate, have a material adverse effect on it.

(2) It is duly qualified to do business as a foreign company and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, have a material adverse effect on it.

(3) The execution, delivery and performance by it of this Agreement, the performance of its obligations hereunder, and the consummation of the transactions contemplated hereby are within its corporate powers and have been duly authorized by all necessary corporate action. This Agreement has been duly and validly executed and delivered by it and is a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or other similar laws now or hereafter in effect relating to creditors' rights generally or by general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

(4) The execution and delivery of this Agreement and the performance by it of its obligations under this Agreement and the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body agency, official or authority, except for the filing of one or more IP Assignment and Assumption Agreements with the U.S. Patent and Trademark Office (the "**USPTO**") and other institutions and offices with similar functions in foreign jurisdictions.

(5) The execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby and performance of its obligations under this Agreement do not and will not (i) violate its organization or governance documents, (ii) violate any applicable law, rule, regulation, judgment, injunction, order or decree, (iii) require any consent or other action by any third party, constitute a default under, result in a violation of, conflict with, or give rise to any right of termination, cancellation or acceleration of any right or obligation of it, or to a loss of any benefit to which it is entitled under any provision of any agreement or other instrument binding upon it, or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of it, or (iv) result in the creation or imposition of any Lien (as defined below) on any asset of it; *provided, however*, that clauses (ii) and (iii) are limited to circumstances and events that would have a material adverse effect on the Parties. A "**Lien**" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset.

ii. Additional Representations and Warranties of Contributor. Contributor makes the following representations and warranties to the Company:

(1) As of the time of the execution and delivery of this Agreement, Contributor (i) owns all right, title and interest in, to and under the Intellectual Property Rights and the other Transferred Assets set forth on **Schedule A** subject to the IP Assignment and Assumption Agreement, which when transferred hereby are free of all Liens, and (ii) has the rights to use all Intellectual Property Rights it purports to have or has rights to use, which, in the aggregate constitutes all Intellectual Property Rights necessary or required for use in connection with Contributor's therapeutics business as presently conducted. Except as set forth on **Schedule B**, Contributor has not received any notice (written or otherwise) that any of the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement, and no event has occurred that permits, or would permit after notice or passage of time or both, the revocation, expiration, suspension or termination of such rights. Except as set forth on **Schedule B**, Contributor has not received any notice of a claim, nor has such a claim been threatened or could reasonably be expected to be made, Contributor does not otherwise have any knowledge that any slogan or other advertising device, product, process, method, substance or other Intellectual Property Rights or goods or services bearing or using any Intellectual Property Right presently contemplated to be sold by or employed by Intellectual Property Right of Contributor violates or infringes upon the rights of any third party. The granted patents included within such Intellectual Property Rights are, to the best knowledge of Contributor, enforceable and there is no existing infringement by, or Lien possessed by a third party of any of the Intellectual Property Rights. Contributor has taken reasonable security measures to protect the secrecy, confidentiality and value of all of its intellectual properties. Contributor has no Intellectual Property Right registered, or subject to pending applications, in the USPTO or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those set forth on **Schedule A**, or has granted any licenses with respect thereto other than as set forth on **Schedule A**. **Schedule A** also sets forth all contractual obligations or other arrangements of Contributor as in effect on the date hereof pursuant to which Contributor has a license or other right to use any Intellectual Property owned by a third party and the dates of the expiration of such contractual obligations or other arrangements (collectively, together with such contractual obligations or other arrangements as may be entered into by Contributor after the date hereof, the "**License Agreements**"). All License Agreements and related rights are in full force and effect, no default or event of default exists with respect thereto in respect of the obligations of licensor or with respect to any royalty or other payment obligations of Contributor with respect to manufacturing standards, quality control or specifications and Contributor is in compliance with the terms thereof in all material respects and no owner, licensor or other party thereto has sent any notice of termination or its intention to terminate such license or rights.

(2) Contributor acknowledges that the securities are not registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws, and that the securities may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. Contributor is able to bear the economic risk of holding the securities for an indefinite period (including total loss of its investment) and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

C. Covenants

i. Further Assurances. If, at any time after the Effective Date, any further action is necessary to carry out the purposes of this Agreement, the Parties hereto will take such lawful action, including signing such additional documentation, as is reasonably requested by any other Party to fully carry out the transactions contemplated by this Agreement. To this end, Contributor shall assign all of its rights, title, and interest in, to, and under any agreements with respect to its drug candidates relative to its therapeutics business whether or not such candidates are part of the manufacturing process as well as contribute any revenues collected in connection therewith.

ii. Post-Closing Litigation Cooperation. At all times from and after the Effective Date, the Parties will use their commercially reasonable efforts to make available to the other, upon reasonable written request, its, and its subsidiaries', officers, directors, employees, and agents as witnesses or for providing litigation assistance (such as cooperating in a factual background investigation) to the extent that (a) such persons may reasonably be required in connection with the prosecution or defense of any Action in which the requesting Party may from time to time be involved and (b) there is no conflict in the Action between the Parties. A Party providing witness or litigation services to the other Party under this Section C(ii) will be entitled to receive from the recipient of such services, upon the presentation of invoices therefore, payments for amounts relating to disbursements and other out-of-pocket expenses (which shall be deemed to exclude the costs of salaries and benefits of employees who are witnesses), that are reasonably incurred in providing such witness services.

iii. Post-Closing Cost Control. Until the closing of the Transactions, the Company will use its reasonable best efforts to control operating expenses and other costs.

D. Survival

i. Survival of Covenants and Agreements. All covenants and agreements herein shall survive the Effective Date and shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties.

E. Other Provisions

i. Amendment and Modification. This Agreement may be amended, modified, or supplemented only by written agreement of the Company and Contributor.

ii. Waiver of Compliance; Consents. Any failure of either Party to comply with any obligation, covenant, agreement, or condition herein, to the extent legally allowed, may be waived in writing by the other Party, but any such waiver or failure to insist upon strict compliance with the obligation, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any Party to this Agreement, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section E(ii).

iii. Transfer and Sales Tax. Notwithstanding any provisions of applicable law, (a) all sales, use, and transfer taxes, and (b) all governmental charges, if any, payable as a result of the transfer of any of the Transferred Assets hereunder shall be borne by the Contributor. The Parties shall cooperate in timely making all filings, returns, reports and forms as necessary or appropriate to comply with the provisions of all applicable laws in connection with the payment of such transfer taxes, and shall cooperate in good faith to minimize, to the fullest extent possible under such laws, the amount of any such transfer taxes payable in connection therewith.

iv. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall only be deemed to have been duly given (a) on the date of service if served personally on the Party to whom notice is to be given, (b) on the Business Day after delivery to FedEx Corporation or similar overnight courier or the Priority Mail Express service maintained by the United States Postal Service, postage prepaid and properly addressed, if sent via mail, or (c) on the date of service if sent via facsimile communication or electronic mail communication (provided that such electronic mail communication is transmitted utilizing either "html" or "pdf" format and the sender has not, within 24 hours of transmission, received an error message indicating that the transmission was not delivered to the recipient), to the Party as follows:

If to Contributor:

4400 Route 9 South, Suite 1000
Freehold, New Jersey 07728
Attn: Francis Knuettel II
Email: frank@channeltxco.com

With a copy to:

Sullivan & Worcester LLP
1251 Avenue of the Americas
New York, New York 10020
Attn: David Danovitch
Email: ddanovitch@sullivanlaw.com

If to the Company:

Channel Pharmaceutical Corporation
4400 Route 9 South, Suite 1000
Freehold, New Jersey 07728
Attn: Francis Knuettel II
Email: frank@channeltxco.com

With a copy to:

Sullivan & Worcester LLP
1251 Avenue of the Americas
New York, New York 10020
Attn: David Danovitch
Email: ddanovitch@sullivanlaw.com

v. Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Except as set forth below, neither this Agreement nor the rights or obligations of any Party hereunder shall be assignable or transferable by such Party without the prior written consent of the other Party hereto; *provided*, *however*, that (a) each of the Parties shall have the right to assign any of its rights under this Agreement to any of its affiliates and to any purchaser of a material portion of its assets, so long as such Party remains liable for its obligations hereunder notwithstanding such assignment, and (b) each of the Parties may assign its rights hereunder for collateral security purposes to any lenders or agent of lenders or to any assignees of any such lenders or agent.

vi. Rules of Interpretation. As used in this Agreement:

a. "including" means "including, without limitation,";

b. all references to statutes are deemed to refer to such statutes as amended from time to time or as superseded by comparable successor statutory provisions.

vii. Headings; Internal References. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties, and shall not affect the interpretation hereof.

viii. Entire Agreement. This Agreement, including the Exhibits and Schedules hereto, contain the entire agreement among the Parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings. There are no restrictions, promises, representations, warranties (express or implied), covenants, agreements, or undertakings of the parties, other than those expressly set forth or referred to in this Agreement.

ix. Severability. If any provision hereof is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall continue in full force and effect and shall in no way be affected or invalidated.

x. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Nevada, without giving effect to any choice of law or conflicting provision or rule (whether of the State of Nevada or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Nevada to be applied.

xi. Consent to Jurisdiction. Each Party to this Agreement agrees and consents to the exclusive jurisdiction of any court sitting in New York, New York and the United States District Court for the Southern District of New York (if federal jurisdiction exists), and any applicable appellate courts, with respect to all matters relating to this Agreement and to the transactions contemplated hereby, waives all objections based on lack of venue and *forum non-conveniens* and irrevocably consents to the personal jurisdictions of all such courts.

xii. Certain Definitions.

"**Action**" means any action, suit, arbitration, inquiry, proceeding, or investigation by or before any court, governmental body or agency, or arbitrator.

"**Business Day**" means any day other than a Saturday, Sunday, United States federal holiday or a day that the Federal Reserve Bank of New York is closed.

"**Know How**" means technical and other information, including, but not limited to, proprietary and nonproprietary information and trade secrets, that comprises or relates to concepts, discoveries, data, designs, formulae, ideas, inventions, methods, assays, research, procedures, designs for experiments and tests and results of experimentation and testing, including results of research and development, manufacturing processes specifically related to the use of NaV1.7 for the treatment of various types of systemic chronic pain, acute and chronic eye pain and post-surgical nerve blocks, and all Contributor drug candidates, and related specifications and techniques, chemical, pharmacological, toxicological, clinical, analytical, and quality control data, trial data, case report forms, data analyses, reports, manufacturing data or summaries or related information contained in submissions to and information from regulatory authorities. Know How includes documents containing Know How, whether electronic or otherwise.

"**Liabilities**" means all known losses, claims, judgments, lawsuits, damages (including punitive damages), penalties, fines, liabilities (including strict liability), obligations, encumbrances, liens, taxes, costs, interest, expenses (including reasonable legal and accounting fees), defense costs, or other amounts due, whether asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, and due or to become due.

"**Transactions**" means the planned merger of a subsidiary of Contributor with and into a subsidiary of Ligand Pharmaceuticals Incorporated, a Delaware corporation, and a concurrent PIPE Financing intended to be consummated by Contributor.

[*Signature Page Follows*]

The Parties have executed this Agreement as of the Effective Date.

CONTRIBUTOR:

CHANNEL THERAPEUTICS CORPORATION

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Executive Officer and Chief Financial Officer

RECIPIENT:

CHANNEL PHARMACEUTICAL CORPORATION

By: /s/ Francis Knuettel
Name: Francis Knuettel II
Title: Chief Financial Officer

Schedule A

Transferred Assets

Registered Copyrights and applications

None.

Registered Trademarks and applications

None.

Schedule B

Intellectual Property Rights Notices

Exhibit A

Form of IP Assignment and Assumption Agreement

[See attached.]

Exhibit 10.11

EXECUTION COPY

INTELLECTUAL PROPERTY ASSIGNMENT AND ASSUMPTION AGREEMENT

This INTELLECTUAL PROPERTY ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**IP Assignment**"), is made as of July 1, 2025 (the "**Effective Date**"), by and between Channel Pharmaceutical Corporation, a Nevada corporation (the "**Assignee**"), and Channel Therapeutics Corporation, a Nevada corporation (the "**Assignor**"), and is entered into pursuant to that certain Contribution Agreement, effective as of July 1, 2025 (the "**Contribution Agreement**"), by and between the Assignee and the Assignor.

RECITALS

WHEREAS, the Assignor has agreed to sell, and the Assignee has agreed to purchase, the Transferred Assets, effective as of the consummation of the transactions under the Contribution Agreement (the "**Closing**"), on the terms and subject to the conditions and exceptions set forth in the Contribution Agreement;

WHEREAS, the Assignor is the owner of certain patents and "Know How" and other technology relating to the sodium ion-channel known as NaV1.7 for the treatment of various types of systemic chronic pain, acute and chronic eye pain and post-surgical nerve blocks (collectively, the "**Intellectual Property Rights**") used or usable in connection with its business, including, without limitation, the specific intellectual rights and Know How set forth on **Schedule A** hereto (collectively, the "**Assigned IP**"); and

WHEREAS, under the terms of the Contribution Agreement, the Assignor agrees to convey, transfer and assign to the Assignee, among other assets, the Intellectual Property Rights and Know How of the Assignor, and agrees to execute and deliver one or more assignments in the form of this IP Assignment for recording with domestic and foreign governmental authorities including, but not limited to, the U.S. Patent and Trademark Office and the U.S. Copyright Office.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and in the Contribution Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows:

1. Definitions. Capitalized terms not otherwise defined elsewhere in this IP Assignment shall have the meanings ascribed to them in the Contribution Agreement.

2. Assignment. The Assignor hereby irrevocably conveys, transfers and assigns to Assignee, and Assignee hereby accepts, all of the Assignor's rights, title and interests in, to and under the Assigned IP recognized in any jurisdiction in the United States and throughout the rest of the world, as applicable, together with any and all goodwill associated with any such intellectual property rights, including, without limitation, any and all Know How, patent rights, trademark rights, copyrights, moral rights, rights associated with any Know How as well as any and all economic rights related to the use or other exploitation of any of the Assigned IP.

3. Recordation and Further Actions. The Assignor authorizes the Commissioner for Patents, the Commissioner for Trademarks and the Register of Copyrights and any other domestic and foreign governmental officials to record and register this IP Assignment upon request by the Assignee. The Assignor shall take such steps and actions following the date hereof that are reasonably requested, at the Assignee's request and expense, including the execution of any documents, files, registrations, or other similar items, to ensure that the Assigned IP is properly assigned to the Assignee, or any assignee or successor thereto. To this end, for the consideration aforesaid, Assignor hereby constitutes and appoints Assignee, its successors, and assigns, the true and lawful attorney and attorneys of Assignor, with full power of substitution, for it and in its name and stead, or otherwise, by or on behalf of and for the benefit of Assignee, its successors and assigns, upon prior notice to Assignor, to do all acts and things, as Assignee, its successors, and assigns, shall deem reasonably necessary or desirable to effectuate the transactions contemplated hereby.

In addition to the above, if, at any time after the Closing, any further action is necessary to carry out the purposes of this IP Assignment, the parties hereto will take such lawful action, including signing such additional documentation, as is reasonably requested by any other party to fully carry out the transactions contemplated by this IP Assignment. To this end, Assignor, shall assign all of its rights, title, and interest in, to, and under any agreements with respect to its drug candidates whether or not such candidates are part of the manufacturing process as well as transfer, contribute, and assign any revenues collected in connection therewith.

4. Contribution Agreement Controlling. This IP Assignment is executed and delivered pursuant to the Contribution Agreement. This IP Assignment is subject in all respects to the terms and conditions of the Contribution Agreement. Nothing contained in this IP Assignment shall be deemed to supersede, enlarge or modify any of the obligations, representations, warranties, agreements or covenants of the Assignor and Assignee contained in the Contribution Agreement. Notwithstanding anything to the contrary contained in this IP Assignment, in the event of any conflict between the terms of this IP Assignment and the terms of the Contribution Agreement, the terms of the Contribution Agreement shall control. To be free from doubt, the representations, warranties, and covenants contained in this IP Assignment are in addition to those contained in the Contribution Agreement.

5. No Third-Party Remedies. Nothing in this IP Assignment, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the Assignee, the Assignor and their respective successors and assigns any remedy or claim hereunder, and all of the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefit of the Assignee, the Assignor and their respective successors and assigns.

6. Successors and Assigns. This IP Assignment shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. The Assignee shall be permitted to assign any and all rights under this IP Assignment without Assignor consent. Each Party shall have the right to collaterally assign its rights under this IP Assignment to a lender for the purpose of securing the financing or a subsequent refinancing of the transactions contemplated by this IP Assignment, the Contribution Agreement, and the documents associated with the Transaction or to any buyer of a Party or of any Party's affiliates (whether by acquisition of assets, equity interests, merger, consolidation or any other manner).

7. Representations and Warranties. Except as set forth in the Contribution Agreement and the Exhibits and Schedules thereto, Assignor hereby represents, warrants, and covenants to Assignee as follows:

(a) Assignor owns all of the right, title, and interest in, to and under the Assigned IP;

(b) practicing, using, or otherwise exploiting the technology or rights protected by the Assigned IP does not infringe or violate any rights of any third party;

(c) Assignor has had no notice and has no knowledge that practicing, using, or otherwise exploiting the technology or rights protected by the Assigned IP infringes or violates any rights of any third party;

(d) Assignee hereby obtains clean and merchantable title to the Assigned IP, free and clear of all liens, claims, defenses, and encumbrances; and

(e) Assignor hereby agrees to forever defend the transfer of the Assigned IP transferred hereunder and title thereto unto Assignee, its successors and assigns, against every person whomsoever making any claim thereto, or to any part thereof.

8. Governing Law; Venue; Waiver of Jury Trial.

(a) This IP Assignment shall be governed by and construed in accordance with the laws of the State of Nevada applicable to contracts made and performed in such state without giving effect to the choice of law principles of such state that would require or permit the application of the laws of another jurisdiction.

(b) In any proceeding between any of the parties arising out of or relating to this IP Assignment or any of the transactions contemplated by this IP Assignment, each of the parties: (i) irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the federal and state courts of New York, New York located in New York, New York, and (ii) agrees that all claims in respect of such action or proceeding may be heard and determined exclusively in such courts.

(c) EACH OF THE PARTIES TO THIS IP ASSIGNMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS IP ASSIGNMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9. Counterparts. This IP Assignment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. This IP Assignment may be executed and delivered by facsimile or email signature.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Assignor has duly executed and delivered this IP Assignment as of the date first above written.

ASSIGNOR

CHANNEL THERAPEUTICS CORPORATION

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Executive Officer
and Chief Financial Officer

READ, ACCEPTED, AND AGREED TO:

ASSIGNEE

CHANNEL PHARMACEUTICAL CORPORATION

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Financial Officer

Schedule A
Assigned IP

Registered Copyrights and applications

None.

Registered Trademarks and applications

None.

Exhibit 10.12

Execution Version

PURCHASE AND SALE AGREEMENT

dated as of July 1, 2025

by and among

CHANNEL THERAPEUTICS CORPORATION and LNHC, INC.,
as the Seller Parties

and

NOMIS ROYALTYVEST LLC,
as the Purchaser

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of July 1, 2025, is by and between LNHC, INC., a Delaware corporation (the "Seller"), CHANNEL THERAPEUTICS CORPORATION, a Nevada corporation (the "Seller Parent", and together with the Seller, the "Seller Parties"), NOMIS ROYALTYVEST LLC, a Delaware limited liability company ("Purchaser").

W I T N E S S E T H:

WHEREAS, the Seller holds certain assets and rights relating to the Covered Products; and

WHEREAS, the Seller desires to sell, contribute, assign, transfer, convey and grant to the Purchaser, and the Purchaser desires to purchase, acquire and accept from the Seller, the Purchased Receivables described herein, upon and subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties covenant and agree as follows:

ARTICLE I
DEFINED TERMS AND RULES OF CONSTRUCTION

Section 1.1 Defined Terms. The following terms, as used herein, shall have the following respective meanings:

"Account Bank" means Silicon Valley Bank, or such other bank or financial institution approved by the Purchaser and the Seller.

"Account Control Agreement" means any agreement entered into by the Account Bank, the Seller and the Purchaser in form and substance reasonably satisfactory to the Purchaser, pursuant to which, among other things, the Purchaser shall have control over the Collection Account within the meaning of Section 9-104 of the UCC.

"Affiliate" means, with respect to any designated Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such designated Person. For purposes of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Equity Interests, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative to the foregoing.

"Agreement" has the meaning set forth in the preamble.

"Applicable Law" means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person, the conduct of its business, or any of its properties, products or assets.

"Applicable Percentage" means (a) prior to the expiration of the Initial Royalty Term, (i) with respect to Net Sales, 1.5%, and (ii) with respect to Non-Royalty License Income, 3.46%; and (b) after the expiration of the Initial Royalty Term, (i) with respect to Net Sales, 1.2%, and (ii) with respect to Non-Royalty License Income, 3.46%.

"Assignment Agreement" has the meaning set forth in the definition of Sato License Agreement.

"Bankruptcy Event" means the occurrence of any of the following in respect of any Person: (a) an admission in writing by such Person of its inability to pay its debts as they become due or a general assignment by such Person for the benefit of creditors; (b) the filing of any petition or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar law now or hereafter in effect, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such law, or the appointment of or taking possession by a receiver, trustee, custodian, liquidator, examiner, assignee, sequestrator or other similar official for such Person or for any substantial part of its property; (c) corporate or other entity action taken by such Person to authorize any of the actions set forth in clause (a) or (b) of this definition; or (d) without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation, or the filing of any such petition against such Person, or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within 90 days from entry thereof.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by Applicable Law to remain closed.

"Change of Control" means any (w) reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of the Seller Parent or the Seller or issuance, sale or exchange of shares (or similar transaction or series of related transactions) of the Seller Parent or the Seller in which the holders of the Seller Parent's or the Seller's outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing more than 50% of the voting power of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether the Seller Parent or the Seller, as applicable, is the surviving entity, (x) Disposition of all or substantially all of the properties or assets of the Seller Parent or the Seller or (y) Disposition of all or substantially all of the Product Rights.

"Closing" has the meaning set forth in Section 6.1.

"Closing Date" has the meaning set forth in Section 6.1.

"Closing Date Bill of Sale" means that certain bill of sale, dated as of the Closing Date, executed by the Purchaser and the Seller, substantially in the form of Exhibit A.

"Closing Payment" has the meaning set forth in Section 2.2.

"Code" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Collection Account" means a segregated deposit account of the Seller established and maintained at an Account Bank pursuant to an Account Control Agreement for the purpose of receiving remittances from the Lockbox Account.

"Commercially Reasonable Efforts" or "Commercially Reasonable Actions" means,

(a) with respect to any Intellectual Property Rights in any country, efforts or actions that would be commercially reasonable for an owner and licensor of such Intellectual Property Rights in such country, which owner and licensor is entitled to the full economic benefit of such Intellectual Property Rights without regard to the transactions contemplated by this Agreement or any other business of, or assets owned by, such owner and licensor; or

(b) for purposes of Section 5.6, with respect to the efforts to be expended, or considerations to be undertaken, by the Seller or its Affiliates with respect to any objective, activity or decision to be undertaken hereunder, reasonable, good faith efforts to accomplish such objective, activity or decision as a prudent company in the biotechnology industry of a size comparable to the Seller Parent and its Subsidiaries, taken as a whole, would normally use to accomplish a similar objective, activity or decision under similar circumstances, it being understood and agreed that with respect to the Exploitation of the Covered Products, the Seller may take into account: (a) issues of efficacy, safety, and expected and actual approved labeling, (b) the expected and actual competitiveness of alternative products sold by third parties in the marketplace, (c) the likelihood of regulatory approval and/or pricing approval or pricing restrictions given the regulatory structure involved, including regulatory or data exclusivity, and (d) the expected and actual profitability of the Covered Products, all as measured by the facts and circumstances in existence at the time such efforts are due, but excluding (x) any payments owed to Ligand under the Ligand License Agreement and (y) any payments owed to the Purchaser under this Agreement.

"Confidential Information" has the meaning set forth in Section 8.1.

"Counterparty" means any counterparty to a Material Contract, including Ligand under the Ligand License Agreement.

"Covered Product Revenue Payment" means, for each calendar quarter from and after July 1, 2025, the Applicable Percentage of all aggregate Net Sales in the Territory and all Non-Royalty License Income during such calendar quarter.

"Covered Products" means ZELSUVMI™ (berdazimer) topical gel for the treatment of molluscum contagiosum in humans and any improvements, successors, replacements or varying dosage forms of the foregoing.

"Disclosing Party" has the meaning set forth in Section 8.1.

"Disclosure Schedule" means the Disclosure Schedule, dated as of the date hereof and attached hereto as Exhibit B.

"Disposition" or "Dispose" means, with respect to any Person, directly or indirectly, the sale, assignment, conveyance, transfer, license, sublicense or other disposition (whether in a single transaction or a series of related transactions) (including by way of a sale and leaseback transaction) of property or assets by any Person.

"Disputes" has the meaning set forth in Section 3.11(h).

"Distributor" means, with respect to a country, any Third Party that is used by Seller in such country on a non-exclusive basis, and without any license grant or other right from Seller or any of its Sublicensees under any Intellectual Property Rights, to distribute finished, packaged pharmaceutical products to pharmacies, managed care organizations, governmental agencies, and other group purchasing organizations (e.g., pharmaceutical benefits managers) and the like in such country. For clarity, a Distributor of a Covered Product in a country shall not include any person or entity that has been granted a right, whether by license or otherwise and whether express or implied (including by subcontract or agency), by Seller or its Affiliates to manufacture any such Covered Product.

"Dollar" or the sign "$" means United States dollars.

"Equity Interests" means, with respect to any Person, all of the (i) shares of capital stock of (or other ownership or profit interests in) such Person, (ii) warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, (iii) securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and (iv) other ownership or profit interests in such Person (including partnership, member, membership or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"Event of Default" means the occurrence of one or more of the following:

(a) any failure by any of the Seller Parties to pay amounts owed to Purchaser when and as required to be paid pursuant to this Agreement, which failure to pay continues for more than five Business Days after receipt of written notice from the Purchaser;

(b) except as set forth in clause (a) above, the breach by any of the Seller Parties of any of their obligations under any Transaction Document where Purchaser has provided notice of such breach to the Seller Parties in writing and Seller Parties have not cured such breach within 30 days following receipt of such notice and where such breach, if not cured, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(c) (i) by virtue of any act or omission of the Seller Parties, any security interest purported to be created by this Agreement (A) ceases to be in full force and effect other than in accordance with the terms of the Transaction Documents, or (B) ceases to give the rights, powers and privileges purported to be created and granted hereunder or thereunder in the event of a recharacterization (except as otherwise expressly provided herein and therein), or (C) is asserted by the Seller Parties not to be a valid, perfected, first priority security interest in the Purchased Receivables, and/or (ii) the Seller Parties take any action which could reasonably be expected to materially impair Purchaser's security interests in the Purchased Receivables pursuant to the Transaction Documents; or

(d) a Bankruptcy Event of any of the Seller Parties.

"Excluded Liabilities and Obligations" has the meaning set forth in Section 2.5.

"Exploit" and "Exploitation" shall mean, with respect to a product such as Covered Products, the research, study, development, formulation, processing, engineering, manufacture, testing, seeking and obtaining Regulatory Approval, use, sale, offer for sale (including marketing and promotion) and distribution (including importing, exporting, transporting, customs clearance, warehousing, invoicing, storage, handling and delivering) or other commercialization of such product.

"FDA" means the U.S. Food and Drug Administration and any successor agency thereto.

"GAAP" means generally accepted accounting principles in effect in the United States from time to time.

"GMP" means good manufacturing practices and standards for the production of drugs promulgated or endorsed by the FDA, as set forth in 21 C.F.R. Parts 210, 211, 600 through 680, 820, and 1271, as applicable, and comparable regulatory standards promulgated by any other Governmental Authority.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority (including supranational authority), commission, instrumentality, regulatory body, court, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including each Patent Office, the FDA and any other government authority in any country.

"In-License" means each license, settlement agreement or other agreement or arrangement between the Seller or any of its Affiliates and any Third Party pursuant to which the Seller or any of its Affiliates obtains a license or sublicense or a covenant not to sue or similar grant of rights to any patents or other intellectual property rights of such Third Party that is necessary for the Exploitation of a Covered Product.

"Indebtedness" of any Person means (a) any obligation of such Person for borrowed money, (b) any obligation of such Person evidenced by a bond, debenture, note or other similar instrument, (c) any obligation of such Person to pay the deferred purchase price of property or services (except (i) any accounts payable that arise in the ordinary course of business that are not in dispute and are not 90 days or more past due, (ii) payroll liabilities and deferred compensation, and (iii) any purchase price adjustment, royalty, earnout, milestone payments, contingent payment or deferred payment of a similar nature incurred in connection with any license, lease, contract research and clinic trial arrangements or acquisition), (d) any obligation of such Person as lessee under a capital lease (under GAAP as in effect on the date hereof), (e) any obligation of such Person to purchase securities or other property that arises out of or in connection with the sale of the same or substantially similar securities or property, (f) any non-contingent obligation of such Person to reimburse any other Person in respect of amounts paid under a letter of credit or other guaranty issued by such other Person, (g) any Indebtedness of others secured by a Lien on any asset of such Person, and (h) any Indebtedness of others guaranteed by such Person; provided that intercompany loans among the Seller and its Affiliates shall not constitute Indebtedness.

"Initial Royalty Term" means, on a country-by-country basis, the period of time commencing on the Effective Date and continuing until the expiration or termination of the last to expire Valid Claim of the Patents that cover the Covered Products.

"Intellectual Property Rights" means any and all of the following: (a) the Patents, (b) all Know-How and (c) all registered and unregistered trademarks, trademark applications, service marks, trade names, logos, packaging design, slogans and internet domain names, in each case, used in, relating to or necessary for the Exploitation of the Covered Products that is owned or controlled by the Seller.

"Investigational New Drug Application" means an Investigational New Drug Application, as such term is defined in the Federal Food, Drug, and Cosmetic Act of 1938, as amended, and the FDA regulations promulgated thereunder, for any Covered Product.

"IRB" has the meaning set forth in Section 3.12(l).

"IRS" means the United States Internal Revenue Service.

"Know-How" means any and all technical, scientific, regulatory, and other information, results, knowledge, techniques and data, in whatever form and whether or not confidential, patented or patentable, including inventions, invention disclosures, discoveries, plans, processes, practices, methods, knowledge, trade secrets, know-how, instructions, skill, experience, ideas, concepts, data (including biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, safety, quality control, and pre-clinical and clinical data), formulae, formulations, compositions, specifications, marketing, pricing, distribution, cost, sales and manufacturing data or descriptions, and all chemical or biological materials and other tangible materials. Know-How does not include any Patent claiming any of the foregoing.

"Knowledge" means, with respect to the Seller Parties, (a) for the purposes of ARTICLE III, the actual knowledge, as of the date of this Agreement, of any of the persons identified on Section 1.1 of the Disclosure Schedule, after due inquiry by each such person of each of his or her direct reports and (b) for the other purposes of this Agreement, the actual knowledge, as of a specified time, of any of the persons identified on Section 1.1 of the Disclosure Schedule or any successor to any such person holding the same or substantially similar position at such time; provided, however, that for purposes of this clause (b), each such person shall be deemed to have actual knowledge of any fact or matter such officer would reasonably be expected to discover in performing his or her duties and responsibilities, in such capacity, in the ordinary course of business.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, including any conditional sale or any sale with recourse, or any other restriction on transfer.

"Ligand" means Ligand Pharmaceuticals Incorporated, a Delaware corporation.

"Ligand License Agreement" means that certain Exclusive License and Sublicense Agreement, dated as of March 24, 2025, by and between Ligand and Seller, as amended from time to time subject to and in accordance with the terms of this Agreement.

"Lockbox Account" means a segregated deposit account of the Seller established and maintained at an Account Bank pursuant to an Account Control Agreement for the purpose of receiving payments owed to the Seller in respect of the Covered Products.

"Loss" means any loss, liability, cost, expense (including reasonable costs of investigation and defense and reasonable attorneys' fees and expenses), charge, fine, penalty, obligation, judgment, award, assessment, claim or cause of action.

"Material Adverse Effect" means a material adverse effect on (a) the legality, validity or enforceability of any of the Transaction Documents or the Material Contracts, (b) the ability of the Seller Parties to perform their obligations under any of the Transaction Documents, or the Ligand License Agreement, (c) the rights or remedies of the Purchaser under any of the Transaction Documents, (d) the right of the Purchaser to receive the Purchased Receivables, the timing, amount or duration of the Purchased Receivables, or the right to receive royalty reports and other information (including audit information) on the terms set forth in this Agreement, or (e) the business of the Seller Parties and their Subsidiaries, taken as a whole.

"Material Contract" means the Ligand License Agreement, the Sato License Agreement, any Out-License, license agreement, distribution agreement, supply agreement, any agreement or arrangement with a contract manufacturing organization or contract research organization, and any other agreement or arrangement that is necessary or useful for the Exploitation of the Covered Products.

"Material Nonpublic Information" means any information that has not been disseminated to the general public, including, without limitation, through public filing with a securities regulatory authority, issuance of a press release, disclosure of the information in a national or broadly disseminated news service, or the issuance of a proxy statement or prospectus, that might (i) affect the market value or trading of a security generally or (ii) affect an investment decision of a reasonable investor.

"Net Sales" means, with respect to any Covered Product, the gross amounts invoiced for sales or other disposition of such Covered Product by or on behalf of Seller, its Affiliates, and their Sublicensees to Third Parties (other than Seller's Affiliates, Sublicensees and Distributors) for use by the end user in a bona fide arm's length transaction less (a) sales taxes or other similar taxes, (b) shipping and insurance charges, (c) actual allowances, rebates, credits, or refunds for returned or defective Covered Products, (d) trade discounts and quantity discounts, retroactive price reductions, or other allowances actually allowed or granted from the billed amount and taken, (e) rebates, credits, and chargeback payments (or the equivalent thereof) granted to managed health care organizations, wholesalers, or to federal, state/provincial, local and other governments, including their agencies, purchasers, and/or reimbursers, or to trade customers, and (f) any import or export duties, tariffs, or similar charges incurred with respect to the import or export of the Covered Product into or out of any country in the Territory. The Covered Product will be considered sold when paid for. Notwithstanding the foregoing, Net Sales shall not include, and shall be deemed zero with respect to, (1) the distribution of reasonable quantities of promotional samples of the Covered Product, (2) Covered Products provided for clinical trials or research purposes, or charitable or compassionate use purposes, or (3) Covered Products provided to any of Seller's Affiliates, Sublicensees or other strategic partners under an agreement in which Net Sales by such Affiliate, Sublicensee or other strategic partner shall be subject to royalties hereunder.

"Net Sales Exceptions" has the meaning set forth in the definition of "Net Sales".

"New Drug Application" means a New Drug Application, Supplement or an Abbreviated New Drug Application, as those terms are defined in the Federal Food, Drug, and Cosmetic Act of 1938, as amended, and the FDA regulations promulgated thereunder, for any Covered Product.

"Non-Assignable Rights" has the meaning set forth in Section 10.3.

"Non-Royalty License Income" means all payments received by Seller or its Affiliates from a licensee in consideration for the grant by Seller or its Affiliates of a sublicense or Out-License under the Specified IP to make, use, sell, offer to sell, or otherwise develop, commercialize or exploit the Covered Product in the Territory, including the portion of upfront payments, license fees and milestone payments allocable to such rights to Specified IP, but excluding: (a) payments made in consideration of equity or debt securities of Seller or its Affiliates to the extent at or below the fair market value of such securities, (b) payments made to Seller or its Affiliates as a prepayment or reimbursement for the performance of research, development or commercialization services at cost, and (c) royalty or profit share payments received based on the sales of any Covered Product, provided that such quanta of sales is included as Net Sales under this Agreement. In the event that Seller receives non-cash consideration from a licensee for rights to the Specified IP, Non-Royalty License Income will be determined based on the fair market value of such consideration received by Seller or its Affiliates.

"Orange Book" means the FDA publication *Approved Drug Products with Therapeutic Equivalence Evaluations*, as may be amended from time to time.

"Out-License" means each license, settlement agreement or other agreement or arrangement between the Seller or any of its Affiliates and any Third Party pursuant to which the Seller or any of its Affiliates grants a license, sublicense or similar grant of any Product Application, Regulatory Approval or Intellectual Property Right that is necessary or reasonably useful for the Exploitation of a Covered Product.

"Party" shall mean the Seller Parties or the Purchaser, as the context requires, and "Parties" shall mean, together, the Seller Parties and the Purchaser.

"Patent Office" means the applicable patent office, including the United States Patent and Trademark Office and any comparable foreign patent office, for any Intellectual Property Rights that are Patents.

"Patents" means any and all issued patents and pending patent applications, including without limitation, all provisional applications, substitutions, continuations, continuations-in part, divisions, and renewals, all letters patent granted thereon, and all patents-of-addition, reissues, reexaminations and extensions or restorations by existing or future extension or restoration mechanisms (including regulatory extensions), and all supplementary protection certificates, together with any foreign counterparts thereof anywhere, claiming or covering the Covered Products, or composition of matter, formulation, or methods of manufacture or use thereof, that are issued or filed on or after the date of this Agreement, in each such case, which are owned or controlled by, issued or licensed to, licensed by, or hereafter acquired or licensed by, the Seller or any of its Affiliates, and including, for the avoidance of doubt, the issued patents and pending patent applications listed on Section 3.11(a) of the Disclosure Schedule to the extent those patents and pending patent applications claim or cover the Covered Products, or composition or matter, formulation or methods of manufacture or use thereof.

"Person" means any natural person, firm, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or any other legal entity, including public bodies, whether acting in an individual, fiduciary or other capacity.

"Product Application" means an application for Regulatory Approval to research, study, develop, formulate, process, engineer, manufacture, test, use, market, sell, offer for sale and distribute a product or drug in a country or region, including (a) a New Drug Application, (b) an Investigational New Drug Application, (c) any corresponding foreign application in any country or jurisdiction in the world and (d) all supplements, amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing.

"Product Commercialization Plan" means the commercialization plans for the Covered Product, attached hereto as Exhibit F, as such commercialization plans may from time to time be modified, amended, amended and restated, and supplemented by the Seller Parties to the extent permitted by, and in accordance with, this Agreement.

"Product Rights" means any and all of the following, as they exist throughout the Territory: (a) Intellectual Property Rights, (b) regulatory filings, submissions authorizations and approvals, with or from any Regulatory Agencies with respect to any of the Covered Products, including all Product Applications, (c) In-Licenses and (d) Out-Licenses.

"Product Transaction" means a sale, assignment, transfer, license or other disposition, in whole or in part, of any material rights in or to the Covered Products.

"Progress Reports" has the meaning set forth in Section 5.1(c).

"Purchase Price" means $1,000; provided that for relevant Tax purposes, the Parties acknowledge that this Agreement is entered into in connection with other agreements entered into by or among the Parties and a Party may allocate a portion of the amount paid under any such other agreement as consideration for the rights granted under this Agreement in a manner as such Party may consider relevant or required for applicable Tax purposes; provided further that nothing in this definition shall be construed as requiring the Parties to allocate any such amount or agree as to the amount, if any, so allocated.

"Purchased Receivables" means (a) the Covered Product Revenue Payments, and (b) in the case of each of (a), all "accounts" (as such term is defined in the UCC) of the Seller with respect to the Covered Product Revenue Payments.

"Purchaser" has the meaning set forth in the preamble.

"Purchaser Account" means, with respect to the Purchaser, the account set forth on Exhibit C (or to such other account as the Purchaser shall notify the Seller in writing from time to time).

"Purchaser Connection Tax" means any Tax to the extent that it would not be imposed but for (i) the Purchaser being organized in or having a permanent establishment (or otherwise actively conducting a business in) in (other than in connection arising from this Agreement and/or any transactions contemplated hereby) the jurisdiction of the applicable taxing authority, (ii) any failure of the Purchaser to provide the withholding agent any valid applicable documentation, certificates, or other tax forms, which allow such withholding agent to make payments under this Agreement to the Purchaser without deduction or withholding for any U.S. federal withholding taxes (iii) any U.S. federal withholding taxes imposed on amounts payable to Purchaser (or its successor or assignee, including pursuant to Section 10.3) pursuant to a law in effect on the date the Purchaser (or its successor or assignee, including pursuant to Section 10.3) becomes party to this Agreement, or (iv) any payment to the Purchaser under this Agreement being characterized as compensation for services to such Purchaser for U.S. federal income tax purposes.

"Purchaser Expenses" means all documented third-party expenses incurred by the Purchaser in connection with the transactions contemplated by this Agreement on or prior to the Closing.

"Purchaser Indemnified Party" has the meaning set forth in Section 7.1.

"Purchaser Indemnified Tax" means any withholding Tax (other than a Purchaser Connection Tax) withheld by any licensee, sublicensee, the Seller, or any other applicable withholding agent in respect of any payment made to the Purchaser pursuant to this Agreement or to the Seller (or its Affiliates) that are attributable to the Purchased Receivables; provided that, notwithstanding the foregoing, Purchaser Indemnified Tax shall include any Tax resulting from or attributable any action taken or caused to be taken by the Seller or its Affiliates or any failure of such Persons to provide any information that is necessary to establish an exemption, after the effective date hereof, that results in any additional withholding or deduction, which would not have resulted absent the Seller or any of its Affiliates taking, causing to be taken, or failing to take such action.

"Receiving Party" has the meaning set forth in Section 8.1.

"Regulatory Agency" means a Governmental Authority with responsibility for the approval, authorization, registration, permission or allowance of the research, study, development, formulation, processing, engineering, manufacturing, testing, holding, importing, transporting, use, marketing, promotion and sale or offering for sale of pharmaceuticals or other regulation of pharmaceuticals in any country.

"Regulatory Approval" means, collectively, all regulatory approvals, licenses, permissions, allowances, registrations, certificates, authorizations, permits and supplements thereto, as well as associated materials (including the product dossier or Product Application) pursuant to which the Covered Products may be researched, studied, developed, formulated, processed, engineered, manufactured, tested, held, imported, transported, used, marketed, promoted, sold, offered for sale and distributed by distributors or the Seller, as the case may be, in a jurisdiction, issued by the appropriate Regulatory Agency, including, to the extent required by Applicable Law for the sale of the Covered Product, all pricing approvals and pricing restrictions, and governmental reimbursement approvals and restrictions.

"Royalty Payment Date" has the meaning set forth in Section 2.3(a).

"Royalty Report" has the meaning set forth in Section 5.1(b).

"Sato" means Sato Pharmaceutical Co., Ltd., a Japanese corporation.

"Sato License Agreement" means that License Agreement, dated as of January 12th, 2017, by and between Sato and Seller (as successor-in-interest to Novan, Inc.), as amended by that certain First Amendment to License Agreement, dated as of January 12th, 2017 and that certain Second Amendment to License Agreement, dated as of October 5th, 2018, in each case, by and between Sato and Seller (as successor-in-interest to Novan, Inc.), and as assigned to Ligand pursuant to that certain Assignment Agreement, dated as of March 24, 2025, by and between the Seller and Ligand (the "Assignment Agreement").

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

"Seller" has the meaning set forth in the preamble.

"Seller Account" means the account set forth on Exhibit D (or to such other account as the Seller shall notify the Purchaser in writing from time to time).

"Seller Indemnified Party" has the meaning set forth in Section 7.2.

"Seller Parties" has the meaning set forth in the preamble.

"Set-off" means any set-off or off-set.

"Specified Breach Event" means:

(a) the breach by any Seller Party, as would reasonably be expected to have a Material Adverse Effect, of any of their obligations under any of Section 5.4 (Patent Prosecution, Enforcement, Defense); or

(b) the breach by the Seller of any of its obligations under Section 5.6 (Diligence) and, with respect to clauses (a) and (b) of this definition, where the Purchaser has provided notice of such breach to the Seller Parties in writing and the Seller Parties have not cured such breach within 45 days following receipt in writing of such notice of breach.

"Specified IP" means the Intellectual Property Rights set forth on Exhibit A of the Assignment Agreement that are necessary to (a) make, use, sell or offer to sell the Covered Product in the Territory or (b) make or have made Compound and/or Licensed Products (each as defined in the Sato License Agreement) for Sato solely pursuant to the Sato License Agreement and related ancillary agreements.

"Studies" has the meaning set forth in Section 3.12(l).

"Sublicensee" means a Third Party or an Affiliate of Seller to which Seller grants a sublicense under Section 5.12, under the Specified IP, to make, use, sell or offer to sell the Covered Product in the Territory, as the case may be, other than a Distributor. In no event will Purchaser or any of its Affiliates be deemed a Sublicensee.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Equity Interests of such other Person (irrespective of whether at the time Equity Interests of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person or by one or more other Subsidiaries of such Person.

"Tax" or "Taxes" means any U.S. federal, state, local or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, escheat or unclaimed property, sales, use, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including, in each case, (a) any interest, penalty or addition thereto and (b) whether disputed or not.

"Territory" means worldwide other than Japan (it being understood that (a) Sato has obtained from Ligand exclusive rights with respect to the Covered Products in Japan pursuant to the Sato License Agreement and (b) to the extent the Sato License Agreement is terminated, Ligand shall retain all rights to the Covered Products with respect to Japan and the definition of "Territory" under this Agreement shall not be amended without the written agreement of Ligand).

"Third Party" means any Person that is not a Party.

"Third Party Analyst" means a reputable Third Party auditor or vendor with experience with products substantially similar to the Covered Product, selected by Purchaser.

"Third Party Claim" means any claim, action, suit or proceeding by a Third Party, including any investigation by any Governmental Authority.

"Transaction Documents" means this Agreement, the Account Control Agreement and the Closing Date Bill of Sale.

"U.S." or "United States" means the United States of America, its 50 states, each territory thereof and the District of Columbia.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of Delaware; provided that if, with respect to any financing statement or by reason of any provisions of law, the perfection or the effect of perfection or non-perfection of the back-up security interest or any portion thereof granted pursuant to Section 2.1(d) is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than the State of Delaware, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of this Agreement and any financing statement relating to such perfection or effect of perfection or non- perfection.

"Valid Claim" means, on a country-by-country basis, (a) a claim of an unexpired issued or granted Patent as long as the claim has not been admitted to being invalid by the owner of such Patent or otherwise caused to be invalid or unenforceable through reissue, disclaimer or otherwise, or held invalid or unenforceable by a tribunal or governmental agency of competent jurisdiction from whose judgment no appeal is allowed or timely taken; or (b) a claim within a Patent application that has not been pending for more than seven (7) years from the date of its first priority Patent application anywhere in the Territory and which claim has not been revoked, cancelled, withdrawn, held invalid or abandoned.

Section 1.2 Rules of Construction.

(a) Unless the context otherwise requires, in this Agreement:

(i) a term has the meaning assigned to it and an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(ii) unless otherwise defined, all terms that are defined in the UCC shall have the meanings stated in the UCC;

(iii) words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders;

(iv) the terms "include," "including" and similar terms shall be construed as if followed by the phrase "without limitation";

(v) unless otherwise specified, references to a contract or agreement include references to such contract or agreement as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with its terms (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth herein), and include any annexes, exhibits and schedules hereto or thereto, as the case may be;

(vi) any reference to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment, transfer or delegation set forth herein or in any of the other Transaction Document) and any reference to a Person in a particular capacity excludes such Person in other capacities;

(vii) references to any Applicable Law shall include such Applicable Law as from time to time in effect, including any amendment, modification, codification, replacement, or reenactment thereof or any substitution therefor;

(viii) the word "will" shall be construed to have the same meaning and effect as the word "shall";

(ix) the words "hereof," "herein," "hereunder" and similar terms shall refer to this Agreement as a whole and not to any particular provision hereof, and Article, Section and Exhibit references herein are references to Articles, Sections of, and Exhibits to, this Agreement unless otherwise specified;

(x) the definitions of terms shall apply equally to the singular and plural forms of the terms defined;

(xi) in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding"; and

(xii) where any payment is to be made, any funds are to be applied or any calculation is to be made under this Agreement on a day that is not a Business Day, unless this Agreement otherwise provides, such payment shall be made, such funds shall be applied and such calculation shall be made on the succeeding Business Day, and payments shall be adjusted accordingly.

(b) The provisions of this Agreement shall be construed according to their fair meaning and neither for nor against any Party irrespective of which Party caused such provisions to be drafted. Each Party acknowledges that it has been represented by an attorney in connection with the preparation and execution of this Agreement and the other Transaction Documents.

ARTICLE II
PURCHASE AND SALE OF THE PURCHASED RECEIVABLES

Section 2.1 Purchase and Sale.

(a) Subject to the terms and conditions of this Agreement, on the Closing Date, the Seller hereby sells, contributes, assigns, transfers, conveys and grants to the Purchaser, and the Purchaser hereby purchases, acquires and accepts from the Seller, all of the Seller's rights, title and interest in and to the Purchased Receivables, free and clear of any and all Liens.

(b) The Seller and the Purchaser intend and agree that the sale, contribution, assignment, transfer, conveyance and granting of the Purchased Receivables under this Agreement shall be, and are, a true, complete, absolute and irrevocable assignment and sale by the Seller to the Purchaser of the Purchased Receivables (including for U.S. federal income tax purposes) and that such assignment and sale shall provide the Purchaser with the full benefits of ownership of the Purchased Receivables. Neither the Seller nor the Purchaser intends the transactions contemplated hereby to be, or for any purpose (including U.S. federal income tax purposes) characterized as, a loan from the Purchaser to the Seller or a pledge or assignment or a security agreement. The Seller Parties waive any right to contest or otherwise assert that this Agreement does not constitute a true, complete, absolute and irrevocable sale and assignment by the Seller to the Purchaser of the Purchased Receivables under Applicable Law, which waiver shall be enforceable against the Seller Parties in any Bankruptcy Event in respect of the Seller Parties. The sale, assignment, transfer, conveyance and granting of the Purchased Receivables shall be reflected on the Seller Parties' financial statements and other records as a sale of assets to the Purchaser (except to the extent GAAP or the rules of the SEC require otherwise with respect to the Seller Parties' consolidated financial statements).

(c) The Seller hereby authorizes the Purchaser and its agents and representatives to execute, record and file, and consents to the Purchaser and its agents and representatives executing, recording and filing, at the Purchaser's sole cost and expense, financing statements in the appropriate filing offices under the UCC (and continuation statements with respect to such financing statements when applicable), and amendments thereto, in such manner and in such jurisdictions as are necessary or appropriate to evidence or perfect the sale, assignment, transfer, conveyance and grant by the Seller to the Purchaser, and the Purchaser's first priority security interest in and to all of the Seller's right, title and interest in, to and under the Purchased Receivables.

(d) Notwithstanding that the Seller and the Purchaser expressly intend for the sale, assignment, transfer, conveyance and granting of the Purchased Receivables to be a true, complete, absolute and irrevocable sale and assignment, the Seller hereby assigns, conveys, grants and pledges to the Purchaser, as security for their obligations created hereunder in the event that the transfer of the Purchased Receivables contemplated by this Agreement is held not to be a sale, a first priority security interest in and to all of the Seller's right, title and interest in, to and under the Purchased Receivables and, in such event, this Agreement shall constitute a security agreement.

Section 2.2 Payment of the Purchase Price. In full consideration for the sale, transfer, conveyance and granting of the Purchased Receivables, and subject to the terms and conditions set forth herein, at the Closing, the Purchaser shall pay to the Seller an amount equal to the Purchase Price minus the Purchaser Expenses, in immediately available funds by wire transfer to the Seller Account (the "Closing Payment"), which amount shall be deemed paid and received by the Seller upon closing of the other transactions among the Parties and/or their Affiliates on the date hereof, including the pipe financing and merger.

Section 2.3 Payment of Purchased Receivables to the Purchaser.

(a) In consideration of the Purchaser paying the Purchase Price hereunder, the Seller shall pay to the Purchaser, by wire transfer of immediately available funds in U.S. dollars to the Purchaser's Purchaser Account, without any Set-off (subject, in each case, to Section 5.9), the Covered Product Revenue Payments for each calendar quarter (commencing with the calendar quarter beginning July 1, 2025) promptly, but in any event no later than 60 calendar days after the end of each calendar quarter (each such date, a "Royalty Payment Date").

(b) A late fee of 1.5% over the Applicable Percentage (calculated on a per annum basis) will accrue on all unpaid amounts with respect to any Covered Product Revenue Payment from the applicable Royalty Payment Date. The imposition and payment of a late fee shall not constitute a waiver of the Purchaser's rights with respect to such payment default. Such accrued late fee will be compounded annually. Payment of such accrued late fee shall accompany payment of the outstanding Covered Product Revenue Payment.

(c) On or prior to each Royalty Payment Date, the Seller shall provide to the Purchaser a written report pursuant to Section 5.1(c).

Section 2.4 No Assumed Obligations. Notwithstanding any provision in this Agreement or any other writing to the contrary, the Purchaser is purchasing, acquiring and accepting only the Purchased Receivables and is not assuming any liability or obligation of the Seller or any of the Seller's Affiliates of whatever nature, whether presently in existence or arising or asserted hereafter, including any liability or obligation of the Seller under the Material Contracts. All such liabilities and obligations shall be retained by, and remain liabilities and obligations of, the Seller or the Seller's Affiliates, as the case may be (the "Excluded Liabilities and Obligations").

Section 2.5 Excluded Assets. The Purchaser does not, by purchase, acquisition or acceptance of the right, title or interest granted hereunder or otherwise pursuant to any of the Transaction Documents, purchase, acquire or accept any assets or contract rights of the Seller under the Material Contracts, other than the Purchased Receivables, or any other assets of the Seller.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER PARTIES

Except as set forth on the Disclosure Schedule, the Seller Parties, jointly and severally, hereby make each of the following representations and warranties to the Purchaser:

Section 3.1 Organization.

(a) The Seller Parent is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nevada and has all corporate power and authority, and all licenses, permits, registrations, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business, as now conducted, and to exercise its rights and to perform its obligations. The Seller Parent is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect).

(b) The Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all corporate power and authority, and all licenses, permits, registrations, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business, as now conducted, and to exercise its rights and to perform its obligations. The Seller is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect).

(c) Other than the Seller, no other subsidiary of the Seller Parent has any ownership interest in, or assets relating to, the Covered Products.

Section 3.2 No Conflicts.

(a) Except as set forth on Section 3.2(a) of the Disclosure Schedule, the execution and delivery by the Seller Parties of any of the Transaction Documents, the performance by the Seller Parties of their obligations hereunder or thereunder or the consummation by the Seller Parties of the transactions contemplated hereby or thereby will not (i) contravene, conflict with or violate any term or provision of any of the organizational documents of the Seller Parties or any of their Subsidiaries, (ii) contravene, conflict with or violate, or give any Governmental Authority or other Person the right to exercise any remedy or obtain any relief under, any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to which the Seller Parties or any of their Subsidiaries or any of their respective assets or properties may be subject or bound, except as would not have a Material Adverse Effect, (iii) result in a breach or violation of, constitute a default (with or without notice or lapse of time, or both) under, or give any Person the right to exercise any remedy or obtain any additional rights under, or accelerate the maturity or performance of, or payment under, or cancel or terminate, (A) except as would not be reasonably expected to result in a Material Adverse Effect, to any contract, agreement, indenture, lease, license, deed, commitment, obligation or instrument to which the Seller Parties or any of their Subsidiaries is a party or by which the Seller Parties or any of their Subsidiaries or any of their respective assets or properties is bound or committed (other than any Material Contract) or (B) any Material Contract, and (iv) except as provided in any of the Transaction Documents, result in or require the creation or imposition of any Lien on the Intellectual Property Rights, the Covered Products, the Material Contracts or the Purchased Receivables.

(b) The Seller Parties have not granted, nor does there exist, any Lien on or relating to the Material Contracts, the Intellectual Property Rights, or the Covered Products. The Seller Parties have neither granted, nor does there exist, any Lien on or relating to the Purchased Receivables. There are no licenses, sublicenses or other rights under the Intellectual Property Rights that have been granted by the Seller Parties to any Third Party with respect to the Exploitation of the Covered Products in the Territory.

Section 3.3 Authorization. Each Seller Party has all necessary corporate power and authority to execute and deliver the Transaction Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents and the performance by each Seller Party of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action on the part of such Seller Party. This Agreement has been, and on or prior to Closing each of the Transaction Documents will be, duly executed and delivered by an authorized officer of the Seller Parties. This Agreement constitutes, and as of the Closing each of the Transaction Documents will constitute, the legal, valid and binding obligation of the Seller Parties, enforceable against the Seller Parties in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, general equitable principles and principles of public policy.

Section 3.4 Ownership. Except as set forth on Section 3.4 of the Disclosure Schedule, the Seller Parties are collectively the exclusive owner, or exclusive licensee, of the entire right, title (legal and equitable) and interest in, to and under the Purchased Receivables and, solely with respect to the Exploitation of the Covered Products, the Intellectual Property Rights. The Purchased Receivables sold, assigned, transferred, conveyed and granted to the Purchaser have not been pledged, sold, assigned, transferred, conveyed or granted by the Seller to any other Person. The Seller has the full right to sell, assign, transfer, convey and grant the Purchased Receivables to the Purchaser. Upon the sale, assignment, transfer, conveyance and granting by the Seller of the Purchased Receivables to the Purchaser, the Purchaser shall acquire good and marketable title to the Purchased Receivables free and clear of all Liens, other than those Liens created under the Transaction Documents, and shall be the exclusive owner of the Purchased Receivables.

Section 3.5 Governmental and Third Party Authorizations. The execution and delivery by the Seller Parties of the Transaction Documents, the performance by the Seller Parties of their respective obligations hereunder and thereunder and the consummation by the Seller Parties of the transactions contemplated hereby and thereby do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by, or filing with, any Governmental Authority or any other Person, except for (i) the filing of a Current Report on Form 8-K with the SEC and (ii) the filing of UCC financing statements.

Section 3.6 No Litigation.

(a) Except as set forth on Section 3.6(a) of the Disclosure Schedule, there is no action, suit, arbitration proceeding, claim, demand, citation, summons, subpoena or other proceeding (whether civil, criminal, administrative, regulatory or informal) (i) pending or, to the Knowledge of the Seller, threatened by or against the Seller Parties or any of their Subsidiaries or (ii) to the Knowledge of the Seller, pending or threatened by or against any Counterparty or their Affiliates, in each case, in respect of the Material Contracts, the Intellectual Property Rights, the Covered Products or the Purchased Receivables, at law or in equity, that (i) would reasonably be expected to result in a material liability to the Seller Parties or (ii) challenges or seeks to prevent or delay the consummation of any of the transactions contemplated by any of the Transaction Documents to which the Seller Parties are party.

(b) Except as set forth on Section 3.6(b) of the Disclosure Schedule, there is no inquiry or investigation (whether civil, criminal, administrative, regulatory, investigative or informal) by or before a Governmental Authority (i) pending or, to the Knowledge of the Seller, threatened against the Seller Parties or any of their Subsidiaries or (ii) to the Knowledge of the Seller, pending or threatened by or against any Counterparty, in each case in respect of the Material Contracts, the Intellectual Property Rights, the Covered Products or the Purchased Receivables that (i) would reasonably be expected to result in a material liability to the Seller Parties or (ii) challenges or seeks to prevent or delay the consummation of any of the transactions contemplated by any of the Transaction Documents to which the Seller Parties are party.

(c) To the Knowledge of the Seller, no event has occurred or circumstance exists that would reasonably be expected to give rise to or serve as a basis for the commencement of any such action, suit, arbitration proceeding, claim, demand, proceeding, inquiry or investigation referred to in Section 3.6(a) or 3.6(b).

Section 3.7 Indebtedness; Solvency.

(a) Section 3.7(a) of the Disclosure Schedule sets forth a complete list of all outstanding Indebtedness of the Seller Parties.

(b) No Bankruptcy Event has occurred with respect to a Seller Party.

(c) Immediately after giving effect to the consummation of the transactions contemplated by the Transaction Documents and the application of the proceeds therefrom, (i) the fair value of the Seller Parties' assets will be greater than the sum of its debts, liabilities and other obligations, including contingent liabilities, (ii) the present fair saleable value of the Seller Parties' assets, including, for the avoidance of doubt, the Intellectual Property Rights, will be greater than the amount that would be required to pay its probable liabilities on its existing debts, liabilities and other obligations, including contingent liabilities, as they become absolute and matured in the normal course of business, (iii) the Seller Parties will be able to realize upon its assets and pay its debts, liabilities and other obligations, including contingent obligations, as they mature, (iv) the Seller Parties will have free cash on hand with which to engage in its business as now conducted, (v) the Seller Parties do not have any present plans or intentions to incur debts or other obligations or liabilities beyond its ability to pay such debts or other obligations or liabilities as they become absolute and matured, (vi) the Seller Parties will not have become subject to any Bankruptcy Event and (vii) the Seller Parties will not have been rendered insolvent within the meaning of Section 101(32) of Title 11 of the United States Code. For purposes of this Section 3.7(c), the amount of all contingent obligations at any time shall be computed as the amount that, in light of all facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

Section 3.8 Tax Matters.

(a) No deduction or withholding for or on account of any Tax has been made from any payment to the Seller Parties or any of their Affiliates under any Out License. No applicable withholding agent under any Out License or any taxing authority has ever notified the Seller Parties that any such withholding was required or would have been required absent the Seller's qualification for benefits under an applicable income Tax treaty. The Seller Parties have filed (or caused to be filed) all material Tax returns and material Tax reports required to be filed under Applicable Law and have paid all material Taxes required to be paid by them (including, in each case, in its capacity as a withholding agent), except for any such Taxes that are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with the generally accepted accounting principles applicable to the Seller Parties, as in effect from time to time.

(b) There are no existing Liens for Taxes on the Purchased Receivables (or any portion thereof).

Section 3.9 No Brokers' Fees. The Seller Parties have not taken any action that would entitle any person or entity to any commission or broker's fee in connection with the transactions contemplated by this Agreement.

Section 3.10 Compliance with Laws. None of the Seller Parties nor any of their Subsidiaries (a) has violated or is in violation of, has been given notice of any violation of, or, to the Knowledge of the Seller, is under investigation with respect to or has been threatened to be charged with, any material violation of, any Applicable Law or any judgment, order, writ, decree, injunction, stipulation, consent order, permit, registration or license granted, issued or entered by any Governmental Authority or (b) is subject to any judgment, order, writ, decree, injunction, stipulation or consent order issued or entered by any Governmental Authority, in each case, in a manner that would be reasonably expected to materially and adversely affect the Covered Products.

Section 3.11 Intellectual Property Matters.

(a) Section 3.11(a) of the Disclosure Schedule sets forth an accurate and complete list of all pending or issued Patents and Patent applications licensed to Seller under the terms of the Ligand License Agreement as of the date hereof. For each Patent listed on Section 3.11(a) of the Disclosure Schedule the Seller Parties have indicated (i) the countries in which such Patent is pending, allowed, granted or issued, (ii) including a notation of any term extensions, the patent number and/or patent application serial number, (iii) the scheduled expiration date of each such issued Patent, (iv) the expected scheduled expiration date of each Patent issuing from such pending Patent application once issued and (v) the registered owner thereof.

(b) Except as otherwise set forth on Section 3.11(a) of the Disclosure Schedule, the Seller is the sole and exclusive owner or exclusive licensee of each of the Patents listed on Section 3.11(a) of the Disclosure Schedule and each of the inventions claimed in such Patents.

(c) To the Knowledge of the Seller, in each Patent listed in the Orange Book for the Covered Product as of the date hereof, there is at least one Valid Claim (treating pending claim as if issued) that would be infringed by the Exploitation of the Covered Products, as applicable.

(d) There are no unpaid maintenance or renewal fees payable by the Seller Parties to any Third Party that currently are overdue for any of the Patents. No Patents listed on Section 3.11(a) of the Disclosure Schedule have lapsed or been abandoned, cancelled or expired.

(e) To the Knowledge of the Seller, each Person who has or has had any rights in or to the Patents, including each inventor named on the Patents, has executed a contract assigning his, her or its entire right, title and interest in and to such Patents and the inventions embodied, described and or claimed therein, to the owner thereof, and each such contract has been duly recorded in each Patent Office wherein it would be necessary or advisable, as determined by the Seller Parties in their commercially reasonable judgement, to document such assignment.

(f) Except as otherwise set forth on Section 3.11(f) of the Disclosure Schedule, to the Knowledge of the Seller, each individual associated with the filing and prosecution of the Patents, including the named inventors of the Patents, has complied in all material respects with all applicable duties of candor and good faith in dealing with any Patent Office, including any duty to disclose to any Patent Office all information known by such inventors to be material to the patentability of the Patents (including any relevant prior art), in each case, in those jurisdictions where such duties exist.

(g) Subsequent to the issuance of each Patent, neither the Seller Parties nor, to the Knowledge of the Seller, any Counterparty, has filed any terminal disclaimer or made or permitted any other voluntary reduction in the scope of such Patent.

(h) There is no pending or, to the Knowledge of the Seller, threatened opposition, interference, reexamination, injunction, claim, suit, action, citation, summon, subpoena, hearing, inquiry, investigation (by the International Trade Commission or otherwise), complaint, arbitration, mediation, demand, decree or other dispute, disagreement, proceeding or claim (collectively, "Disputes") challenging the legality, validity, scope, enforceability or ownership of any of the Intellectual Property Rights. To the Knowledge of the Seller, there are no pending or threatened Disputes by any Counterparty, or their Affiliates or sublicensees, challenging the legality, validity, scope, enforceability or ownership of any of the Intellectual Property Rights. There are no Disputes by or with any Third Party against the Seller Parties involving any of the Covered Products. The Intellectual Property Rights are not subject to any outstanding injunction, judgment, order, decree, ruling, change, settlement or other disposition of a Dispute. There are no proceedings, other than proceedings in the ordinary course of patent prosecution with respect to the Patents listed on Section 3.11(a) of the Disclosure Schedule.

(i) There is no pending action, suit, proceeding, investigation or claim against the Seller Parties or their Affiliates related to the Covered Products. To the Knowledge of the Seller, there is no threatened action, suit, proceeding, investigation or claim, and, to the Knowledge of the Seller, no event has occurred or circumstance exists that (with or without notice or lapse of time, or both) would reasonably be expected to give rise to or serve as a basis for any action, suit, proceeding, investigation or claim by any Person that claims that the manufacture, use, marketing, sale, offer for sale, importation or distribution of any Covered Product does or could infringe on any patent or other intellectual property rights of any Third Party or constitute misappropriation of any other Person's trade secrets or other intellectual property rights.

(j) To the Knowledge of the Seller, there are no patents issued, and no pending patent applications with claims reasonably likely to issue, owned by any Third Party, that (A) the Counterparties, as applicable, do not have a right to use that would be infringed by Counterparty's Exploitation of a Covered Product, as applicable, but for Counterparty's rights in such patents and patent applications, or (B) the Seller does not have a right to use that would be infringed by the Seller's Exploitation of a Covered Product but for the Seller's rights in such patents and patent applications.

(k) To the Knowledge of the Seller, there is no Person infringing any of the Intellectual Property Rights, and neither of the Seller has received any written notice under any of the Material Contracts or put any Person on notice, of actual or alleged infringement of any of the Intellectual Property Rights.

(l) The Seller and, to the Knowledge of the Seller, each Counterparty has taken all reasonable precautions to protect the secrecy, confidentiality and/or value of the applicable Know-How.

(m) The Intellectual Property Rights constitute all of the intellectual property owned or licensed by the Seller Parties or any of their Affiliates that is, to the Seller's Knowledge, necessary or useful for the manufacture, use or sale of the Covered Products.

(n) No legal opinion concerning or with respect to any Third Party intellectual property rights relating to the Covered Products, including any freedom-to-operate, product clearance, patentability, validity or right-to-use opinion, has been delivered to the Seller Parties.

(o) To the Knowledge of the Seller, there is no Person who is or claims to be an inventor under any Patent who is not a named inventor thereof and the list of inventors named in each issued and unexpired Patent listed on Section 3.11(a) of the Disclosure Schedule is current and complete.

(p) The Patents listed on Section 3.11(a) of the Disclosure Schedule marked with an "*" constitute the Patents listed in the Orange Book for the Covered Product as of the date hereof.

Section 3.12 Regulatory Approval and Marketing.

(a) To the Knowledge of the Seller Parties, each Counterparty is in compliance with its material obligations to seek, obtain and maintain Regulatory Approval for the Covered Products to the extent required by the applicable Material Contract.

(b) The Seller Parties are in compliance with their obligations to seek, obtain and maintain Regulatory Approval for the Covered Products.

(c) The Seller Parties possess and, to the Knowledge of the Seller Parties, each Counterparty possesses all permits, licenses, registrations, authorizations and permissions, including Regulatory Approvals from the FDA and other Governmental Authorities required for the conduct of their business as currently conducted and for the development and Exploitation of the Covered Products, and all such permits, licenses, registrations, authorizations and permissions are in full force and effect.

(d) The Seller Parties have not and, to the Knowledge of the Seller Parties, each Counterparty has not received any written communication from any Governmental Authority alleging any failure of the Seller Parties or each Counterparty to materially comply with any Applicable Laws, including any terms or requirements of any Regulatory Approval and, to the Knowledge of the Seller, there are no facts or circumstances that are reasonably likely to give rise to any revocation, withdrawal, suspension, hold or clinical hold, cancellation, limitation, termination or adverse modification of any Regulatory Approval.

(e) To the Knowledge of the Seller Parties, none of the officers, directors, or employees of the Seller Parties, its Affiliates or a Counterparty involved in any Product Application and related preclinical or clinical studies, has been:

(i) convicted of any crime or engaged in any conduct for which debarment or suspension is authorized by 21 U.S.C. § 335a nor, to the Knowledge of the Seller Parties, are any debarment proceedings or investigations pending or threatened against the Seller Parties, their Affiliates or a Counterparty or any of their respective officers, employees or agents;

(ii) charged, named in a complaint, convicted, or otherwise found liable in any proceeding that falls within the ambit of 21 U.S.C. § 331, 21 U.S.C. § 333, 21 U.S.C. § 334, 21 U.S.C. § 335a, 21 U.S.C. § 335b, 42 U.S.C. § 1320a - 7, 31 U.S.C. §§ 3729 – 3733, 42 U.S.C. § 1320a-7a, or any other Applicable Law; or

(iii) disqualified or deemed ineligible pursuant to 21 C.F.R. §312.70 or otherwise restricted, in whole or in part, or subject to an assurance.

(f) To the Knowledge of the Seller Parties, none of the officers, directors, employees, Affiliates or Counterparties of the Seller Parties or any of their agents or consultants has (A) made an untrue statement of fact or fraudulent statement to any Regulatory Agency or failed to disclose a fact required to be disclosed to a Regulatory Agency; or (B) committed an act, made a statement, or failed to make a statement that would reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Regulation 46191 (September 10, 1991).

(g) All applications, notifications, submissions, information, claims, reports and statistics and other data and conclusions derived therefrom, utilized as the basis for or submitted in connection with any and all requests for Regulatory Approval from the FDA or other Governmental Authority for Covered Products, when submitted to the FDA or other Governmental Authority were true, complete and correct in all respects as of the date of submission or any necessary or required updates, changes, corrections or modifications to such applications, submissions, information and data have been submitted to the FDA or other Governmental Authority.

(h) All preclinical and clinical trials conducted by or on behalf of the Seller Parties and their Affiliates, the results of which have been submitted to any Governmental Authority, including the FDA and its counterparts worldwide, in connection with any request for a Regulatory Approval, are being or have been conducted in compliance in all respects with all Applicable Laws.

(i) All Covered Products and, to the Knowledge of the Seller Parties, all Covered Products, have been researched, studied, developed, formulated, processed, engineered, manufactured, tested, used, marketed, promoted, sold, offered for sale, stored, imported, transported and held, in all respects in accordance with all permits, licenses, registrations, permissions, authorizations, Regulatory Approvals and Applicable Laws.

(j) Neither Seller Party nor any Affiliate have received any written notice from a Governmental Authority that such Governmental Authority, including without limitation the FDA, the Office of the Inspector General of the United States Department of Health and Human Services or the United States Department of Justice has commenced or threatened to initiate any action against the Seller Parties or an Affiliate, any action to enjoin a Seller Party, its respective officers, directors, employees, agents and Affiliates from conducting its business at any facility owned or used by it, or any action for any material civil penalty, injunction, seizure or criminal action.

(k) Neither Seller Party nor any Affiliate or, to the Knowledge of the Seller Parties, any Counterparty have received from the FDA, a Warning Letter, Form FDA-483, "Untitled Letter," written notice of an investigation, request for corrective or remedial action, written notice of other adverse finding or similar written correspondence or written notice alleging violations of Applicable Laws enforced by the FDA or any comparable written correspondence from any other Governmental Authority, in each case, with regard to any Covered Product or the research, study, development, formulation, processing, engineering, manufacture, testing, packaging, labeling, storage, handling, holding, import, transport, distribution, use, sale, offer for sale, marketing or promotion thereof. No Covered Product has been subject to any import detention or refusal by the FDA or other similar Governmental Authority or any safety alert issued by the FDA or other similar Governmental Authority.

(l) Neither the Seller Parties, any Affiliate or, to the Knowledge of the Seller Parties, any Counterparty, nor any Person providing services to the Seller Parties have received any written notice from the FDA, any other Governmental Authority, any Institutional Review Board ("IRB"), or other Person or board responsible for the oversight or conduct of any pre-clinical studies, animal studies, and clinical trials concerning a Covered Product, (collectively "Studies") requiring or threatening the termination, suspension, material modification or restriction, delay, or clinical hold of, or otherwise rejecting any Study that was, is planned to be, or is being conducted. All Studies were and, if still pending, are being conducted in all material respects in accordance with all Applicable Laws, good clinical practices, good laboratory practices, human subject protections, the protocols, procedures and controls designed and approved for such Studies, professional medical and scientific standards, and in accordance with any requirement of an IRB or other Person or board responsible for review of such Studies.

(m) All human clinical trials conducted by or on behalf of Seller Parties that are intended to be submitted to Governmental Authorities to support regulatory approval of the Covered Products are conducted in compliance in all material respects with applicable regulations and guidance, and all Applicable Laws relating to protection of human subjects, including those contained in 21 CFR Parts 50, 54, 56 and 312. All required approvals and authorizations for clinical trials to proceed have been obtained from an appropriate IRB, and informed consent has been obtained from all subjects enrolled in the studies, in compliance with Applicable Laws.

(n) Except as disclosed on Section 3.12(n) of the Disclosure Schedule, the Seller Parties nor any Affiliate or, to the Knowledge of the Seller Parties, any Counterparty have received or otherwise learned of any complaints, information, or adverse drug experience reports related to a Covered Product that would reasonably have a Material Adverse Effect on the Seller Parties or a Covered Product, or that would reasonably prevent the receipt of a Regulatory Approval.

(o) Except to the extent not required to be conducted in accordance with GMP, all manufacturing operations and the manufacture of any Covered Products by, or on behalf of, the Seller Parties are being conducted and have been conducted in material compliance with Applicable Laws and in accordance with GMP. The processes used to produce the Covered Products are adequate to ensure that the Covered Products will conform to the specifications established therefor at the time of production. Seller Parties have not received any material written complaints about the Covered Products. Seller has not conducted any recalls of the Covered Products.

Section 3.13 Material Contracts.

(a) Section 3.13(a) of the Disclosure Schedule sets forth all Material Contracts.

(b) Except for the Material Contracts, (i) there are no In-Licenses or Out-Licenses and (ii) there are no other contracts, agreements or other arrangements (whether written or oral) to which the Seller Parties or any of their Subsidiaries is a party or by which any of their respective assets or properties is bound or committed pursuant to which the Seller Parties or any of their Subsidiaries has rights under any patent or intellectual property rights of any Third Party that are material to the Exploitation of the Covered Products. Attached as Exhibit E is a true, correct and complete copy of the Ligand License Agreement.

(c) Each of the Material Contracts is in full force and effect and is the legal, valid and binding obligation of the Seller and, to the Knowledge of the Seller, the Counterparties, enforceable against the Seller and, to the Knowledge of the Seller, the Counterparties in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to or affecting creditors' rights generally, general equitable principles and principles of public policy. The Seller is not in breach or violation of or in default under any of the Material Contracts. There is no event or circumstance that, upon notice or the passage of time, or both, would constitute or give rise to any breach or default in the performance of any of the Material Contracts by the Seller or, to the Knowledge of the Seller, the Counterparties.

(d) The Seller Parties have not waived any rights or defaults under the Material Contracts or released the Counterparties, in whole or in part, from any of its obligations under any of the Material Contracts. There are no oral waivers or modifications (or pending requests therefor) in respect of any of the Material Contracts. Neither the Seller nor the applicable Counterparty has agreed to amend or waive any provision of the Material Contracts, and the Seller has not received or submitted any proposal to do so.

(e) No event has occurred that would give the Seller or, to the Knowledge of the Seller, the applicable Counterparty, the right to terminate the applicable Material Contract. The Seller has not received any notice of an intention by a Counterparty to terminate or breach any of the Material Contracts, in whole or in part, or challenging the validity or enforceability of any of the Material Contracts, or alleging that the Seller or a Counterparty is currently in default of its obligations under any of a Material Contract. To the Knowledge of the Seller, there is and has been no default, violation or breach of a Counterparty under any of the Material Contracts.

Section 3.14 UCC Matters. The Seller Parent's exact legal name is, "Channel Therapeutics Corporation". On or subsequent to the Closing Date, Seller Parent intends to file with the Secretary of State of the State of Nevada a Certificate of Amendment to the Articles of Incorporation of Seller Parent to change its name to "Pelthos Therapeutics Inc." The Seller Parent's principal place of business is, and since formation has been, located in the State of New Jersey. The Seller Parent's jurisdiction of formation is the State of Nevada. The Seller's exact legal name is, and since formation has been, "LNHC, Inc.". The Seller's principal place of business is, and since formation has been, located in the State of North Carolina. The Seller's jurisdiction of formation is, and since formation has been, the State of Delaware.

Section 3.15 Margin Stock. The Seller Parties are not engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no portion of the Purchase Price shall be used by the Seller for a purpose that violates Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser, severally and not jointly, and only with respect to itself, hereby represents and warrants to the Seller Parties as follows:

Section 4.1 Organization. The Purchaser is a limited liability company, duly organized, validly existing and in good standing under the laws of Delaware.

Section 4.2 No Conflicts. The execution and delivery by the Purchaser of any of the Transaction Documents to which the Purchaser is a party, the performance by the Purchaser of its obligations hereunder or thereunder or the consummation by the Purchaser of the transactions contemplated hereby or thereby will not (i) contravene, conflict with or violate any term or provision of any of the organizational documents of the Purchaser, (ii) contravene, conflict with or violate, or give any Governmental Authority or other Person the right to exercise any remedy or obtain any relief under, in any material respect, any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to which the Purchaser or any of its assets or properties may be subject or bound or (iii) result in a breach or violation of, constitute a default (with or without notice or lapse of time, or both) under, or give any Person any right to exercise any remedy, or accelerate the maturity or performance of, in any material respect, any contract, agreement, indenture, lease, license, deed, commitment, obligation or instrument to which the Purchaser is a party or by which the Purchaser or any of its assets or properties is bound or committed.

Section 4.3 Authorization. The Purchaser has all necessary corporate power and authority to execute and deliver the Transaction Documents to which the Purchaser is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which the Purchaser is a party and the performance by the Purchaser of its obligations hereunder and thereunder have been duly authorized by the Purchaser. Each of the Transaction Documents to which the Purchaser is a party has been duly executed and delivered by the Purchaser. Each of the Transaction Documents to which the Purchaser is a party constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and general equitable principles.

ARTICLE V
COVENANTS

The Parties covenant and agree as follows:

Section 5.1 Books and Records; Notices.

(a) The Seller shall keep and maintain, or cause to be kept and maintained, at all times, full and accurate books and records adequate to reflect accurately (i) all financial information received and all amounts paid or received in respect of Net Sales of the Covered Products, (ii) all material information (financial and otherwise) in respect of the Exploitation of the Covered Products and the Covered Product Revenue Payments, and (iii) the status of the Seller Parties' efforts pursuant to the Product Commercialization Plan.

(b) On or prior to each Royalty Payment Date, the Seller shall prepare and deliver a report to the Purchaser (the "Royalty Report") setting forth in reasonable detail:

(i) the calculation of Net Sales for the applicable calendar quarter and calendar year to date, on a country-by-country basis within the Territory;

(ii) the calculation of Purchased Receivables for the applicable calendar quarter and calendar year to date, on a country-by-country basis within the Territory;

(iii) for the applicable calendar quarter and calendar year to date, on a Product-by-Product and country-by-country basis within the Territory, of each Covered Product sold by the Seller, its Affiliates and distributors;

(iv) for the applicable calendar quarter and calendar year to date, the calculation of the Covered Product Revenue Payments payable to the Purchaser; and

(v) with respect to the Covered Products, on a Product-by-Product and country-by-country basis within the Territory, the foreign currency exchange rate used to calculate the Covered Product Revenue Payment (which shall be the rate of exchange determined in a manner consistent with the Seller's method for calculating rates of exchange in preparation of the Seller Parent's annual financial statements in accordance with GAAP).

(c) In addition to the quarterly Royalty Reports to be delivered to the Purchaser pursuant to Section 5.1(b), the Seller shall deliver to Purchaser, on a quarterly basis, written reports (i) stating (A) the number, description and aggregate selling prices of Covered Products sold or otherwise disposed of, and deductions taken, during such applicable periods (and, to the extent applicable, adjustments and corrections from prior periods), including, for such purposes, statements of unit volume shipped and gross and net unit price(s) paid by purchasers of the Covered Product and (B) the Net Sales derived therefrom, and (ii) including a report from a Third Party Analyst of (A) total prescriptions, new prescriptions and estimated end user sales resulting from sales of the Covered Product during such applicable periods and (B) such other additional reporting requirements and information as are reasonably requested by Purchaser (the foregoing (i) and (ii), collectively, the "Progress Reports"). Progress Reports shall be delivered by Seller to Purchaser on the date that is the earliest to occur of (x) the date that is 15 days after the end of such calendar quarter and (y) the date that the royalty payment due for such calendar quarter is made by Seller. The costs and expenses incurred by Seller in connection with the preparation and delivery of the Progress Reports shall be the sole responsibility of Seller.

(d) Within five Business Days after receipt by the Seller Parties of (i) (x) notice of the commencement by any Third Party of, or (y) written notice from any Third Party threatening to commence, in either case any action, suit, arbitration proceeding, claim, demand, investigation or other proceeding relating to this Agreement, any of the other Transaction Documents, any Material Contract, any transaction contemplated hereby or thereby or the Purchased Receivables (in any case other than any notice contemplated in Section 5.1(e)), or (ii) any other correspondence relating to the foregoing, the Seller Parties shall (A) notify the Purchaser in writing of the receipt of such notice or correspondence and (B) provide the Purchaser with a written summary of all material details thereof or, to the extent not prohibited by obligations of confidentiality contained in the Material Contracts, respectively, if such notice is in writing, furnish the Purchaser with a copy thereof and any materials reasonably related thereto.

(e) Within five Business Days after receipt by the Seller Parties of any material written notice, certificate, offer, proposal, correspondence, report or other communication from the applicable Counterparty relating to any Material Contract, the Intellectual Property Rights, the Purchased Receivables, any Covered Product in the Territory, the Material Contracts (in any case, other than any notice contemplated by Section 5.1(b) or Section 5.1(e)), the Seller Parties shall (i) notify the Purchaser in writing of the receipt thereof and provide the Purchaser with a written summary of all material details thereof and (ii) to the extent not prohibited by obligations of confidentiality contained in a Material Contract, respectively, furnish the Purchaser with a copy thereof.

(f) The Seller Parties shall provide the Purchaser with written notice within five Business Days after obtaining Knowledge of any of the following:

(i) the occurrence of any Bankruptcy Event in respect of the Seller Parties;

(ii) any material breach or default by the Seller Parties of or under any material covenant, agreement or other provision of any Transaction Document;

(iii) the Seller Parties, any Affiliate, any Counterparty or any other Third Party receiving any notice of audit or regulatory action by a Governmental Authority in the Territory impacting in any material respect any of the Covered Products or the timing, amount or duration of the Purchased Receivables;

(iv) any representation or warranty made by the Seller Parties in this Agreement or any of the other Transaction Documents (or in any certificate delivered by the Seller Parties to the Purchaser pursuant to this Agreement) shall prove to be untrue, inaccurate or incomplete in any material respect on the date as of which made; or

(v) the occurrence or existence of any change, effect, event, occurrence, state of facts, development or condition that has had, or would reasonably be expected to have, a Material Adverse Effect.

(g) The Seller Parties shall notify the Purchaser in writing upon any change in, or amendment or alteration of, the Seller Parties' (i) legal name, (ii) form or type of organizational structure or (iii) jurisdiction of organization.

(h) The Seller Parties shall notify the Purchaser in writing not more than 30 days after becoming aware that any Tax may be required to be withheld with respect to any payment to the Purchaser pursuant to the Agreement.

(i) Notwithstanding anything to the contrary in this Section 5.1, the Seller shall not provide any information or report required by Section 5.1 to the Purchaser to the extent such report or information includes information considered to be Material Nonpublic Information at the time of delivery. In such event, the Seller shall (x) provide notice to the Purchaser of the existence of Material Nonpublic Information in a report or information to be provided and (y) instead provide a redacted report which does not contain Material Nonpublic Information and delay delivery of the unredacted report until following the filing of the Seller's current, quarterly or annual reports with the SEC. The Purchaser can waive compliance with this Section 5.1(i) at any time (and from time to time) upon written notice or request (email is sufficient) at any time, and in such case receive the information or reports required by Section 5.1 in unredacted form at the time periods contemplated herein.

Section 5.2 Public Announcement. No Party shall, and each Party shall cause its Affiliates not to, without the prior written consent of the other Parties (which consent shall not be unreasonably withheld or delayed), issue any press release or make any other public disclosure with respect to this Agreement or any of the other Transaction Documents or any of the transactions contemplated hereby or thereby, except if and to the extent that any such release or disclosure is required by Applicable Law, by the rules and regulations of any securities exchange or market on which any security of such Party may be listed or traded or by any Governmental Authority of competent jurisdiction, in which case, the Party proposing to issue such press release or make such public disclosure shall, to the extent reasonably practicable, (a) provide to the other Parties a copy of such proposed release or disclosure and (b) consider in good faith any comments or changes that the other Party may propose or suggest; provided that a Party may freely make any public disclosure identical to a disclosure previously reviewed by the other Party in accordance with the foregoing clauses (a) and (b). Notwithstanding the foregoing, the Purchaser understands and agrees that the Seller Parent intends to file with the SEC a Current Report on Form 8-K shortly following Closing (the "Closing 8-K") describing the material terms of the transactions contemplated by this Agreement and the other Transaction Documents and some or all of the Transaction Documents as exhibits thereto or to another filing with the SEC, provided, that the Seller shall (a) provide to the Purchaser a draft of the Closing 8-K and any future SEC filings that materially change the description of the transactions contained herein from that which is in the Closing 8-K, (b) consider in good faith any comments or changes that the Purchaser may propose or suggest and (c) except to the extent required by Applicable Law, Seller Parent may redact from the public disclosure as Confidential Information all financial and economic terms and all exhibits and schedules attached hereto including the Product Commercialization Plan, and confidential information regarding the strategies and other plans of the Seller Parties for the Exploitation of the Covered Product. The Seller Parties and the Purchaser shall jointly prepare a press release for dissemination promptly following the Closing, such press release to be agreed upon by the Purchaser and the Seller.

Section 5.3 Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each Party shall use commercially reasonable efforts to execute and deliver such other documents, certificates, instruments, agreements and other writings, take such other actions and perform such additional acts under Applicable Law as may be reasonably requested by the other Party and necessary to implement expeditiously the transactions contemplated by, and to carry out the purposes and intent of the provisions of, this Agreement and the other Transaction Documents, including to (i) perfect the sale, contribution, assignment, transfer, conveyance and granting of the Purchased Receivables to the Purchaser pursuant to this Agreement, (ii) perfect, protect, more fully evidence, vest and maintain in the Purchaser good, valid and marketable rights and interests in and to the Purchased Receivables free and clear of all Liens (other than Liens under the Transaction Documents), (iii) create, evidence and perfect the Purchaser's back-up security interest granted pursuant to Section 2.1(d), and (iv) enable the Purchaser to exercise or enforce any of the Purchaser's rights under any Transaction Document to which the Purchaser is a party.

(b) The Seller Parties and the Purchaser shall cooperate and provide assistance as reasonably requested by any other Party, at the expense of such other Party (except as otherwise set forth herein), in connection with any litigation, arbitration, investigation or other proceeding (whether threatened, existing, initiated or contemplated prior to, on or after the Closing Date) to which the other Party, any of its Affiliates or controlling persons or any of their respective officers, directors, managers, employees or controlling persons is or may become a party or is or may become otherwise directly or indirectly affected or as to which any such Persons have a direct or indirect interest, in each case relating to any Transaction Document, the transactions contemplated hereby or thereby or the Purchased Receivables, but in all cases excluding any litigation brought by the Seller Parties (for themselves or on behalf of any Seller Indemnified Party) against the Purchaser or brought by the Purchaser (in each case, for themselves or on behalf of the Purchaser Indemnified Party) against the Seller Parties.

(c) Each Seller Party shall use its commercially reasonable efforts to comply in all material respects with all Applicable Laws with respect to the Transaction Documents and the Purchased Receivables, except where compliance therewith is being contested by the Seller in good faith by appropriate proceedings.

(d) The Seller Parties shall not enter into any contract, agreement or other legally binding arrangement (whether written or oral), or grant any right to any other Person, in any case that would reasonably be expected to conflict with the Transaction Documents or serve or operate to limit, circumscribe or alter any of the Purchaser's rights under the Transaction Documents (or the Purchaser's ability to exercise any such rights).

Section 5.4 Patent Prosecution, Enforcement and Defense.

(a) Except as would conflict with Section 4.1 of the Ligand License Agreement, the Seller Parties shall, at the Seller's expense, take any and all actions, and prepare, execute, deliver and file any and all agreements, documents and instruments, that are reasonably necessary to diligently preserve and maintain the applicable Intellectual Property Rights, including payment of maintenance fees or annuities. In connection with any actions or decisions by the Seller not to act in respect of matters contemplated by the foregoing sentence, the Seller shall provide advance written notice of all such actions or decisions not to act in order to consult with the Purchaser, and the Seller shall, in good faith, give due consideration to any reasonable suggestions of, the Purchaser.

(b) Except as would conflict with Section 4.2 of the Ligand License Agreement, the Seller Parties shall, at the Seller's expense, (i) diligently defend and enforce the applicable Intellectual Property Rights against infringement or interference by any other Person, and against any claims of invalidity or unenforceability, in any jurisdiction (including by bringing any legal action for infringement or defending any counterclaim of invalidity or action of any other Person for declaratory judgment of non-infringement or non-interference) and (ii) when available and material in respect of any applicable Covered Product, obtain patents and any corrections, substitutions, reissues and reexaminations thereof and obtain patent term extensions and any other forms of patent term restoration. In connection with the Seller's actions or decisions not to act in respect of matters contemplated by the foregoing sentence, the Seller shall provide advance written notice of all such actions or decisions not to act in order to consult with the Purchaser, if applicable, and, if applicable, allow the Purchaser sufficient time to issue instructions. The Seller shall promptly (but in any event within five Business Days) provide to the Purchaser a copy of any written notice or other documentation received in connection with any such legal action, suit or other proceeding.

(c) To the extent the Seller enters into any license agreements with respect to the Covered Products, the Seller shall, except to the extent prohibited by obligations of confidentiality contained in such license agreements, promptly (but in any event within five Business Days) after receipt thereof, provide to the Purchaser a copy of all substantive written notices or other documentation relating to the patentability, enforceability, validity, scope or term of the Patents, and shall provide the Purchaser with a copy of drafts of any written material proposed to be filed in response thereto.

(d) The Seller shall promptly (but in any event within five Business Days) after receipt thereof, provide to the Purchaser a copy of all substantive written notices or other documentation relating to the patentability, enforceability, validity, scope or term of the Patents, and shall provide the Purchaser with a copy of drafts of any written material proposed to be filed in response thereto.

(e) The Seller Parties shall not disclaim or abandon, or fail to take any Commercially Reasonable Action necessary or desirable to prevent the disclaimer or abandonment of, any material Intellectual Property Rights.

(f) The Parties shall bear their own costs and expenses in connection with the actions pursuant to this Section 5.4.

Section 5.5 Inspections and Audits of the Seller Parties. Following the date hereof, upon at least five Business Days' written notice and during normal business hours, no more frequently than once per calendar year, the Purchaser may cause an inspection and/or audit by an independent public accounting firm to be made of the Seller Parties' books of account for the three calendar years prior to the audit for the purpose of determining the correctness of the calculation of the Covered Product Revenue Payments under this Agreement; provided, however, that no calendar year may be subject to more than one audit unless Specified Breach Event has occurred and is continuing. Upon the Purchaser's reasonable request, no more frequently than once per calendar year while any Out-License remains in effect, the Seller Parties shall use Commercially Reasonable Efforts to exercise any rights they may have under any Out-License relating to a Covered Product to cause an inspection and/or audit by an independent public accounting firm to be made of the books of account of any counterparty thereto for the purpose of determining the correctness of the calculation of the Covered Product Revenue Payments under this Agreement. The Seller Parties shall promptly notify the Purchaser in writing if they initiate an inspection and/or audit of the books of accounts of any counterparty to an Out-License to the extent such inspection and/or audit is related to the Covered Product Revenue Payments, and shall provide to the Purchaser a copy of any report relating thereto within five Business Days of receipt thereof, which copy may be redacted; provided that any redactions to such report shall not include any information necessary to determine the correctness of the calculation of the Covered Product Revenue Payments made under this Agreement. All of the out-of-pocket expenses of any inspection or audit requested by the Purchaser hereunder (including the fees and expenses of such independent public accounting firm designated for such purpose) otherwise payable by the Seller Parties shall be borne solely by the Purchaser, unless the independent public accounting firm determines that Covered Product Revenue Payments previously paid to the Purchaser during the period of the audit were underpaid by an amount greater than five percent of the Covered Product Revenue Payments actually paid during such period, in which case such expenses shall be borne by the Seller Parties. Any such accounting firm or company shall not disclose the confidential information of the Seller Parties or any such licensee relating to a Covered Product to the Purchaser, except to the extent such disclosure is necessary to determine the correctness of Covered Product Revenue Payments or otherwise would be included in a Royalty Report. All information obtained by the Purchaser as a result of any such inspection or audit shall be Confidential Information subject to ARTICLE VIII. If any audit discloses any underpayments by the Seller Parties to the Purchaser, then such underpayment, together with the late fees contemplated by Section 2.3(b), shall be paid by the Seller Parties to the Purchaser (in the same manner as provided in Section 2.3(a)) within 30 calendar days of such underpayment being so disclosed. If any audit discloses any overpayments by the Seller Parties to the Purchaser, then the Seller Parties shall have the right to credit the amount of the overpayment against each subsequent quarterly Covered Product Revenue Payment due to the Purchaser until the overpayment has been fully applied.

Section 5.6 Diligence. The Seller Parties shall use Commercially Reasonable Efforts to, and shall cause its Affiliates and Counterparties to, (i) complete the material activities outlined in the Product Commercialization Plan in the timeframes set forth therein and (ii) prepare, execute, deliver and file any and all agreements, documents or instruments that are necessary or desirable to secure and maintain Regulatory Approval for the Covered Products in the Territory. The Seller Parties shall not withdraw or abandon, or fail to take any action necessary to prevent the withdrawal or abandonment of, any Regulatory Approval once obtained. Following receipt of Regulatory Approval in any country, the Seller Parties shall use Commercially Reasonable Efforts to Exploit the Covered Products in each such country. The Seller shall maintain, and cause its Affiliates to maintain, compliance in all material respects with all Applicable Laws and all Regulatory Approvals. The Seller shall have the right to amend, modify or change the Product Commercialization Plan from time to time in its sole discretion; provided, however, that notwithstanding the foregoing with respect to any material amendments, modifications or changes to the Product Commercialization Plan, the Seller Parties shall (i) provide notice to the Purchaser of such changes, (ii) consult with the Purchaser as to the nature and reasoning behind such changes, (iii) consider in good faith any comments made by the Purchaser and (iv) ultimately make such changes in good faith and in a manner consistent with the Seller's obligations under this Section 5.6, including the exercise of Commercially Reasonable Efforts.

Section 5.7 Tax Matters.

(a) All payments to the Purchaser under this Agreement shall be made without any deduction or withholding for or on account of any Tax unless required by Applicable Law; provided that if any deduction or withholding for or on account of the Purchaser Indemnified Tax is required by Applicable Law to be made, and is made, by any applicable withholding agent in respect of any payment to the Purchaser under this Agreement or to Seller (or its Affiliates) that are attributable to the Purchased Receivables, then the Seller shall, within five Business Days after such deduction or withholding is made, make a payment to the Purchaser so that, after all such required deductions and withholdings are made by any applicable withholding agent (including any deductions and withholdings required with respect to any additional payments under this Section 5.7(a)), the Purchaser receives an amount equal to the amount that they would have received had no withholding of the Purchaser Indemnified Taxes been made.

(b) The Parties agree not to take any position that is inconsistent with the provisions of Section 2.1(b) on any Tax return unless required by Applicable Law or final determination within the meaning of Section 1313 of the Code. If there is an inquiry by any Governmental Authority of the Seller or the Purchaser related to Tax matters in respect of this Agreement, the Parties shall cooperate with each other in responding to such inquiry in a commercially reasonable manner.

Section 5.8 Existence. Each Seller Party shall (a) preserve and maintain its existence (provided, however, that nothing in this Section 5.8 shall prohibit the Seller Parties from entering into any merger or consolidation), (b) preserve and maintain its rights, franchises and privileges unless failure to do any of the foregoing would not reasonably be expected to have a Material Adverse Effect, (c) qualify and remain qualified in good standing in each jurisdiction where the failure to preserve and maintain such qualifications would reasonably be expected to have a Material Adverse Effect, including appointing and employing such agents or attorneys in each jurisdiction where it shall be necessary to take action under this Agreement, and (d) comply with its organizational documents, except, in the case of this clause (d), for any non-compliance that would not reasonably be expected to have a Material Adverse Effect. The Purchaser acknowledges and agrees (to the maximum extent permitted under Applicable Law), that the Purchaser shall not, and shall not cause any other Person to, petition for the bankruptcy of the Seller Parties.

Section 5.9 Additional Sales; Liens.

(a) The Seller Parties shall not create, incur, sell, issue, assume, enforce or suffer to exist any additional revenue interests (or similar economic equivalents), except for the Ligand License Agreement, with respect to Net Sales of the Covered Products unless such additional revenue interests (or such economic equivalents) are subordinated to the Purchased Receivables as to payment, security and enforcement. For the avoidance of doubt, subject to compliance with this Section 5.9(a), the Seller Parties may create, incur, sell, issue, assume, enforce or suffer to exist any additional revenue interests (or similar economic equivalents) with respect to Net Sales of the Covered Products without the consent of the Purchaser.

(b) Except as permitted pursuant to Section 5.12 (Out-Licenses for Covered Products), the Seller Parties shall not transfer, encumber or grant any Lien on the Intellectual Property Rights in the Territory without the consent of Purchaser.

Section 5.10 Change of Control; Product Transaction.

(a) Notwithstanding anything to the contrary in this Agreement, in no event shall a Seller Party be a party to a Change of Control where such Seller Party is not the surviving Person, unless the surviving Person to such Change of Control expressly assumes all the obligations of the applicable Seller Party under the Transaction Documents to which such Seller Party is party, in which case such surviving Person shall succeed to, and be substituted for, such Seller Party under the Transaction Documents to which such Seller Party is party and such Seller Party shall automatically be released and discharged from its obligations under the Transaction Documents to which such Seller Party is party.

(b) Notwithstanding anything to the contrary in this Agreement, in no event shall a Seller Party be a party to a Product Transaction, unless the acquirer or similar counterparty in such Product Transaction expressly agrees in writing to be bound by the applicable provisions of the Transaction Documents to the extent applicable to the rights and obligations conveyed under such Product Transaction. In the event of Product Transaction resulting in the full assignment of all rights and obligations of the Seller Party under the Transaction Documents, the acquirer or similar counterparty shall succeed to, and be substituted for, such Seller Party under the Transaction Documents to which such Seller Party is party.

Section 5.11 Material Contracts. The Seller shall comply in all material respects with its obligations under the Material Contracts and shall not take any action or forego any action that would reasonably be expected to result in a material breach thereof. Promptly, and in any event within ten Business Days, after receipt of any written or oral notice by the Seller or any of its Affiliates with respect to an alleged material breach under any Material Contract, the Seller shall provide the Purchaser a copy (or, in the case of oral notices, a written summary) thereof. The Seller shall use its Commercially Reasonable Efforts to cure any material breaches by it under any Material Contract and shall give written notice to the Purchaser upon curing any such breach. The Seller shall provide the Purchaser with written notice following (and in any event within five Business Days of) becoming aware of a Counterparty's material breach of its obligations under any Material Contract. The Seller shall not terminate any Material Contract. The Seller shall not make or enter into any amendment, supplement or modification to, or grant any waiver under any provision of, the Ligand License Agreement without the Purchaser's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) to the extent that such amendment, supplement, modification or grant would reasonably be expected to have a material adverse effect on the timing, amount or duration of the Covered Product Revenue Payments. Promptly, and in any event within ten Business Days following the Seller's notice to a Counterparty to any Material Contract of an alleged breach by such Counterparty under any such Material Contract, the Seller shall provide the Purchaser a copy thereof.

Section 5.12 Out-Licenses for Covered Products. With respect to Covered Products, the Seller may enter into Out-Licenses without the Purchaser's prior written consent; provided that with respect to each such Out-License, (i) such Out-License constitutes an arms-length transaction to a Third Party, which includes an obligation of the Third Party contractually to use Commercially Reasonable Efforts in the performance of the arrangement and (ii) the Seller delivers to the Purchaser a copy of the final executed Out-License promptly upon consummation thereof, subject to reasonable redaction to comply with obligations of confidentiality.

Section 5.13 Right of First Negotiation.

(a) In the event that the Purchaser intends to sell, transfer, assign or dispose of the Purchased Receivables under this Agreement or any portion thereof to a Third Party (a "Proposed Sale"), Purchaser hereby grants Ligand a right of first negotiation with the Purchaser in respect of such Proposed Sale. The Purchaser shall promptly provide Ligand with written notice thereof (each such notice, a "ROFN Notice"). In the event that Ligand wishes to exercise its right of first negotiation with respect to such Proposed Sale, it shall do so in writing (the "ROFN Exercise Notice") within 30 days of receipt of the ROFN Notice. If Ligand does not provide the ROFN Exercise Notice within such 30-day notice period, the Purchaser shall have no further obligations under this Section 5.13.

(b) Upon receipt of the ROFN Exercise Notice, (i) the Purchaser shall provide the material terms and provisions of the Proposed Sale within 30 days following the Purchaser's receipt of the ROFN Exercise Notice (the "Proposed Sale Terms") and (ii) the Purchaser and Ligand shall negotiate solely and in good faith to reach agreement on the Proposed Sale Terms.

(c) The Purchaser and Ligand shall exclusively negotiate the terms of a definitive agreement on such Proposed Sale for 120 days after the Purchaser's receipt of the ROFN Exercise Notice; provided, however, that if the Purchaser does not provide the Proposed Sale Terms within the 30-day period set forth in Section 5.13(b)(i), the length of such exclusive negotiation period shall be extended until Ligand receives such information that is acceptable to Ligand (in its sole discretion) to constitute the Proposed Sale Terms. For the avoidance of doubt, during the 120 day negotiation period, the Purchaser shall not, directly or indirectly, negotiate or contact any Third Party with respect to the Proposed Sale. If the Purchaser and Ligand do not reach a definitive agreement on such Proposed Sale within 120 days of Ligand's receipt of the Proposed Sale Terms (or if Ligand fails to provide a ROFN Exercise Notice within such 30 day period), the Purchaser shall have no further obligation to Ligand with respect to such Proposed Sale under this Section 5.13, and the Purchaser may elect to enter into a definitive agreement with a Third Party to sell, transfer, assign or dispose of the Purchased Receivables under this Agreement or any portion thereof, in which event the right of first negotiation under this Section 5.13 for such Proposed Sale shall terminate.

ARTICLE VI
THE CLOSING

Section 6.1 Closing. The closing of the transactions contemplated hereby (the "Closing") shall take place at 9:00 a.m., Eastern Standard Time on the date hereof (the "Closing Date") by electronic exchange of signatures, or on such other date, at such other time or at such other place, in each case as the Parties mutually agree.

Section 6.2 Closing Deliverables of the Seller Parties. At the Closing, the Seller Parties shall deliver or cause to be delivered to the Purchaser the following:

(a) a counterpart signature page to the Closing Date Bill of Sale, duly executed by the Seller;

(b) an opinion of Sullivan & Worcester LLP, counsel to the Seller Parties, in form and substance reasonably satisfactory to the Purchaser;

(c) a duly executed certificate of an executive officer of the Seller Parties dated as of the Closing Date and (i) attaching copies, certified by such officer as true and complete, of (x) the organizational documents of the Seller Parties and (y) resolutions of the governing body of the Seller Parties authorizing and approving the execution, delivery and performance by the Seller Parties of the Transaction Documents and the transactions contemplated hereby and thereby, (ii) setting forth the incumbency of the officer or officers of the Seller Parties who have executed and delivered the Transaction Documents, including therein a signature specimen of each such officer or officers and (iii) attaching a copy, certified by such officer as true and complete, of a good standing certificate of the appropriate Governmental Authority of the Seller Parties' jurisdictions of organization, stating that the Seller Parties are in good standing under the laws of such jurisdictions;

(d) UCC-1 financing statements to evidence and perfect the sale, assignment, transfer, conveyance and grant of the Purchased Receivables pursuant to Section 2.1 and the back-up security interest granted pursuant to Section 2.1(d); and

(e) duly executed IRS Form W-9s from the Seller certifying that the Seller is a United States person as defined in Section 7701(a)(30) of the Code and exempt from U.S. federal backup withholding.

Section 6.3 Closing Deliverables of the Purchaser. At the Closing, the Purchaser shall deliver or cause to be delivered to the Seller Parties the following:

(a) a counterpart signature page to the Closing Date Bill of Sale, duly executed by the Purchaser;

(b) the Closing Payment in accordance with Section 2.2; and

(c) a duly executed IRS Form W-9 from the Purchaser certifying it is a United States person as defined in Section 7701(a)(30) of the Code and exempt from U.S. federal backup withholding.

Section 6.4 Lockbox Account; Collection Account; Account Control Agreement.

(a) The Seller will establish the Lockbox Account within 30 days of the Closing Date for the purpose of depositing all payments to be made by any distributors and account debtors with respect to proceeds arising from sales of Covered Products or any other payments relating to Covered Products. The Seller will instruct all such distributors and account debtors (including any parties to an Out-License entered into pursuant to Section 5.12) to remit any amounts owed to the Seller in respect of the Covered Products to the Lockbox Account. To the extent any proceeds arising from sales of Covered Products or any other payments related to Covered Products are paid directly to the Seller, the Seller shall remit to the Lockbox Account all such amounts no less than quarterly.

(b) The Seller will establish the Collection Account within 30 days of the Closing Date and cause all funds on deposit in the Lockbox Account to be swept daily to the Collection Account. With respect to any amounts that are deposited in the Collection Account, so long as all payment obligations of any Seller Party to the Purchaser under this Agreement have been made, (i) a minimum of 1.5% of such amounts shall remain in the Collection Account until the Royalty Payment Date immediately following the date of such deposits and may not be transferred to any other account of the Seller and (ii) any remaining amounts may be disbursed to another account of the Seller from time to time at the direction of the Seller. On each Royalty Payment Date, the Seller shall instruct the Account Bank to disburse to the Purchaser an amount equal to the lesser of (x) the funds on deposit in the Collection Account and (y) the Covered Product Revenue Payment for such Royalty Payment Date. If the amount to be disbursed to the Purchaser on any Royalty Payment Date pursuant to the preceding sentence is less than the Covered Product Revenue Payment to which the Purchaser is entitled, the Seller shall pay the amount of such shortfall to the Purchaser on such Royalty Payment Date.

(c) If an Event of Default has occurred and is continuing, the Purchaser shall have the right to exercise all of their rights and remedies under Article VII and the Account Control Agreement.

(d) The Seller shall pay all fees, expenses and charges of the Account Bank pursuant to the terms of the Account Control Agreement by depositing sufficient funds into the Lockbox Account when such fees, charges and expenses are due. The Seller agrees that all Purchased Receivables deposited into the Lockbox Account are to be held in trust for the benefit of the Purchaser, and that the Seller disclaims and waives any claim or interest in such Purchased Receivables, so that the Purchaser may be assured of receiving the Purchased Receivables owned by the Purchaser.

(e) The Seller shall have no right to terminate the Lockbox Account or the Collection Account without the Purchaser's prior written consent.

ARTICLE VII
INDEMNIFICATION

Section 7.1 Indemnification by the Seller Parties. The Seller Parties jointly and severally agree to indemnify, defend and hold harmless the Purchaser and their respective Affiliates and any or all of their respective partners, directors, trustees, officers, managers, employees, members, agents and controlling persons (each, a "Purchaser Indemnified Party") harmless from and against, and will pay to the Purchaser Indemnified Party the amount of, any and all Losses awarded against or incurred or suffered by the Purchaser Indemnified Party, whether or not involving a Third Party Claim, arising out of or resulting from (a) any breach of any representation or warranty made by the Seller in any of the Transaction Documents or in any certificate delivered by the Seller to the Purchaser in writing pursuant to this Agreement, (b) any breach of or default under any covenant or agreement of the Seller in any of the Transaction Documents, (c) any Excluded Liabilities and Obligations, (d) any product liability claims relating to a Covered Product, (e) any claims of infringement or misappropriation of any Intellectual Property Rights by any Third Parties against Purchaser or its Affiliates or (f) any brokerage or finder's fees or commissions or similar amounts incurred or owed by the Seller or any of its Affiliates to any brokers, financial advisors or comparable other Persons retained or employed by any of them in connection with the transactions contemplated by this Agreement. Any amounts due to the Purchaser Indemnified Party hereunder shall be payable by the Seller to the Purchaser Indemnified Party upon demand.

Section 7.2 Indemnification by the Purchaser. The Purchaser agrees to indemnify and hold the Seller and its Affiliates and any or all of their respective partners, directors, officers, managers, members, employees, agents and controlling Persons (each, a "Seller Indemnified Party") harmless from and against, and will pay to each Seller Indemnified Party the amount of, any and all Losses awarded against or incurred or suffered by such Seller Indemnified Party, whether or not involving a Third Party Claim, arising out of (a) any breach of any representation or warranty made by the Purchaser in any of the Transaction Documents or any certificate delivered by the Purchaser to the Seller in writing pursuant to this Agreement, (b) any breach of or default under any covenant or agreement of the Purchaser in any Transaction Document to which the Purchaser is a party or (c) any brokerage or finder's fees or commissions or similar amounts incurred or owed by the Purchaser to any brokers, financial advisors or comparable other Persons retained or employed by it in connection with the transactions contemplated by this Agreement. Any amounts due to any Seller Indemnified Party hereunder shall be payable by the Purchaser to such Seller Indemnified Party upon demand.

Section 7.3 Claims. A claim by an indemnified party under this ARTICLE VII for any matter in respect of which such indemnified party would be entitled to indemnification hereunder may be made by delivering, in good faith, a written notice of demand to the indemnifying party, which notice shall contain (a) a description and the amount of any Losses incurred or suffered or reasonably expected to be incurred or suffered by the indemnified party, (b) a statement that the indemnified party is entitled to indemnification under this ARTICLE VII for such Losses and a reasonable explanation of the basis therefor, and (c) a demand for payment in the amount of such Losses. For all purposes of this Section 7.3, the Seller shall be entitled to deliver such notice of demand to the Purchaser on behalf of the Seller Indemnified Parties, and the Purchaser shall be entitled to deliver such notice of demand to the Seller on behalf of the Purchaser Indemnified Parties.

Section 7.4 Survival. All representations, warranties and covenants made in this Agreement, in any other Transaction Document or in any certificate delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing. The rights hereunder to indemnification, payment of Losses or other remedies based on any such representation, warranty or covenant shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time (whether before or after the execution and delivery of this Agreement or the Closing) in respect of the accuracy or inaccuracy of or compliance with, any such representation, warranty or covenant.

Section 7.5 Remedies. Except in the case of actual fraud, intentional misrepresentation, intentional wrongful acts, intentional breach, bad faith or willful misconduct and except as set forth in Section 10.1 or in the other Transaction Documents, (a) the indemnification afforded by this ARTICLE VII shall be the sole and exclusive remedy for any and all Losses awarded against or incurred or suffered by a Party in connection with any breach of any representation or warranty made by a Party in any of the Transaction Documents or any certificate delivered by a Party to the other Party in writing pursuant to this Agreement or any breach of or default under any covenant or agreement by a Party pursuant to any Transaction Document and (b) the Purchaser acknowledges and agrees that the Purchaser, together with its Affiliates and representatives, has made its own investigation of the Purchased Receivables and the transactions contemplated by the Transaction Documents and is not relying on, and shall have no remedies in respect of, any implied warranties or upon any representation or warranty whatsoever as to the future amount or potential amount of the Purchased Receivables.

Section 7.6 Limitations. Neither any Seller Indemnified Party nor the Purchaser Indemnified Party shall have any liability for, or Losses be deemed to include, any special, punitive or exemplary damages, whether in contract or tort, regardless of whether the other Party shall be advised, shall have reason to know, or in fact shall know of the possibility of such damages suffered or incurred by any such Seller Indemnified Party or the Purchaser Indemnified Party in connection with this Agreement any of the other Transaction Documents or any of the transactions contemplated hereby or thereby, except to the extent any such damages are actually paid to a Third Party in accordance with Section 7.3. Notwithstanding the foregoing, the limitations set forth in this Section 7.6 shall not apply to any claim for indemnification hereunder in the case of actual fraud, intentional misrepresentation, intentional wrongful acts, intentional breach, bad faith or willful misconduct. The Parties acknowledge and agree that (a) the Purchaser's Losses, if any, for any indemnifiable events under this Agreement will typically include Losses for Purchased Receivables that the Purchaser was entitled to receive in respect of its ownership of the Purchased Receivables but did not receive timely or at all due to such indemnifiable event and (b) subject to this Section 7.6, the Purchaser shall be entitled to make indemnification claims for all such missing or delayed Purchased Receivables that the Purchaser was entitled to receive in respect of its ownership of the Purchased Receivables as Losses hereunder (which claims shall be reviewed and assessed by the Parties in accordance with the procedures set forth in this ARTICLE VII), and such missing or delayed Purchased Receivables shall not be deemed special, punitive or exemplary damages for any purpose of this Agreement.

Section 7.7 Tax Treatment of Indemnification Payments. For all purposes hereunder, any indemnification payments made pursuant to this ARTICLE VII will be treated as an adjustment to the Purchase Price for all Tax purposes to the fullest extent permitted by Applicable Law.

ARTICLE VIII
CONFIDENTIALITY

Section 8.1 Confidentiality. Except as provided in this ARTICLE VIII or otherwise agreed in writing by the Parties, the Parties agree that, during the term of this Agreement and until the tenth anniversary of the date of termination of this Agreement, each Party (the "Receiving Party") shall keep confidential, and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement (which includes the exercise of any rights or the performance of any obligations hereunder), any information (whether written or oral, or in electronic or other form) furnished to it by or on behalf of the other Party (the "Disclosing Party") pursuant to this Agreement, including the terms of this Agreement (such information, "Confidential Information" of the Disclosing Party), except for that portion of such information that:

(a) was already in the Receiving Party's possession on a non-confidential basis prior to its disclosure to it by the Disclosing Party, or becomes known to the Receiving Party from a source other than the Disclosing Party and its representatives without any breach of this Agreement, in each case as evidenced by written records (provided that if such information was disclosed to the Receiving Party on a non-confidential basis by a source that is not the Disclosing Party, such source to the knowledge of the Receiving Party had the right to disclose such information to the Receiving Party without any legal, contractual or fiduciary obligation to, any person with respect to such information);

(b) is or becomes generally available to the public other than as a result of an act or omission by the Receiving Party or its Affiliates in breach of this Agreement; or

(c) was independently developed by the Receiving Party, as evidenced by written records, without use of or reference to the Confidential Information or in violation of the terms of this Agreement.

Section 8.2 Permitted Disclosure. In the event that the Receiving Party or its Affiliates or any of its or its Affiliates' representatives are requested by a governmental or regulatory authority or required by Applicable Law, regulation or legal process (including the regulations of a stock exchange or governmental or regulatory authority or the order or ruling of a court, administrative agency or other government or regulatory body of competent jurisdiction) to disclose any Confidential Information, the Receiving Party shall promptly, to the extent permitted by Applicable Law, notify the Disclosing Party in writing of such request or requirement so that the Disclosing Party may seek an appropriate protective order or other appropriate remedy (and if the Disclosing Party seeks such an order or other remedy, the Receiving Party will provide such cooperation, at the Receiving Party's sole expense, as the Disclosing Party shall reasonably request). If no such protective order or other remedy is obtained and the Receiving Party or its Affiliates or its or its Affiliates' representatives are, in the view of their respective counsel (which may include their respective internal counsel), legally required to disclose Confidential Information, the Receiving Party or its Affiliates or its or its Affiliates' representatives, as the case may be, shall only disclose that portion of the Confidential Information that their respective counsel advises that the Receiving Party or its Affiliates or its or its Affiliates' representatives, as the case may be, are required to disclose and will exercise commercially reasonable efforts, at the Disclosing Party's sole expense, to obtain reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information that is being disclosed. In any event, the Receiving Party will not oppose action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information. Notwithstanding the foregoing, notice to the Disclosing Party shall not be required where disclosure is made (i) in response to a request by a governmental or regulatory authority having competent jurisdiction over the Receiving Party, its Affiliates or its or its Affiliates' representatives, as the case may be, or (ii) in connection with a routine examination by a regulatory examiner, where in each case such request or examination does not expressly reference the Disclosing Party, its Affiliates, the Purchased Receivables or this Agreement. The Receiving Party may disclose Confidential Information to its Affiliates, its and their employees, directors, officers, contractors, agents, and representatives, and to potential or actual acquirers, merger partners, permitted assignees, investment bankers, investors, limited partners, partners, lenders, or other financing sources (including, in the case of the Seller, any party evaluating the acquisition of any portion of the Purchased Receivables that are not included in the Purchased Receivables), and their respective directors, employees, contractors and agents; provided that such person or entity agrees to confidentiality and non-use obligations with respect thereto at least as stringent as those specified for in this Article VIII. Further, notwithstanding anything contained in this Article VIII to the contrary, the Seller may disclose Confidential Information to the extent such disclosure is reasonably necessary to comply with the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or with any rule, regulation or legal process promulgated by the SEC or a stock exchange, subject to the Seller's obligations set forth in Section 5.2.

ARTICLE IX
TERMINATION

Section 9.1 Termination of Agreement.

(a) This Agreement may only be terminated by mutual written consent of the Purchaser, on the one hand, and the Seller Parties, on the other hand.

(b) Effect of Termination. Upon the termination of this Agreement pursuant to Section 9.1(a), this Agreement shall become void and of no further force and effect; provided, however, that (a) the provisions of Section 5.2, ARTICLE VII, ARTICLE VIII, this ARTICLE IX and ARTICLE X shall survive such termination and shall remain in full force and effect, and (b) nothing contained in this Section 9.1 shall relieve any Party from liability for any breach of this Agreement that occurs prior to such termination.

ARTICLE X
MISCELLANEOUS

Section 10.1 Specific Performance. Each Party acknowledges and agrees that, if it fails to perform any of its obligations under any of the Transaction Documents, the other Parties will have no adequate remedy at law. In such event, each Party agrees that the other Parties shall have the right, in addition to any other rights it may have (whether at law or in equity), to specific performance of this Agreement.

Section 10.2 Notices. All notices, consents, waivers and other communications hereunder shall be in writing and shall be effective (a) upon receipt when sent by registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier (costs prepaid and receipt requested), (c) on the date personally delivered to an authorized officer of the Party to which sent or (d) on the date transmitted by e-mail with a confirmation of receipt, addressed to the recipient as follows:

if to the Seller Parties, to:

Channel Therapeutics Corporation
4400 Route 9 South, Suite 1000
Freehold, New Jersey 07728
Attention: Francis Knuettel II
E-mail: frank@channeltxco.com

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

Sullivan & Worcester LLP
1251 Avenue of the Americas
New York, NY 10020
Attention: David Danovitch
E-mail: ddanovitch@sullivanlaw.com

if to the Purchaser, to:

Nomis RoyaltyVest LLC
4th Floor, 145 Adelaide Street West
Toronto, Ontario M5H 4E5
Attention: Mark Lichtenstein; Paul Zogala
Email: ml@murchinsonltd.com; pzogala@murchinsonltd.com

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

Morgan, Lewis & Bockius LLP
2222 Market Street
Philadelphia, PA 19103
Attention: Andrew R. Mariniello; Conor F. Larkin
Email: andrew.mariniello@morganlewis.com; conor.larkin@morganlewis.com

Each Party may, by notice given in accordance herewith to the other Party, designate any further or different address to which subsequent notices, consents, waivers and other communications shall be sent.

Section 10.3 Successors and Assigns. The Seller Parties shall not be entitled to assign any of their rights or delegate any of its obligations under this Agreement without the prior written consent of the Purchaser. Subject to Section 5.13, the Purchaser may, without the consent of the Seller Parties, assign any of its rights and delegate any of its obligations under this Agreement without restriction to any entity or entities. In connection with any such assignment by the Purchaser, if requested, the Seller shall be provided with an IRS Form W-9 or applicable IRS Form W-8, as appropriate, with respect to such assignee. Each Party shall give written notice to the other Parties of any assignment permitted by this Section 10.3. Any purported assignment of rights or delegation of obligations in violation of this Section 10.3 will be void. Subject to the foregoing, this Agreement will apply to, be binding upon, and inure to the benefit of, the successors and permitted assigns of the Parties.

Section 10.4 Independent Nature of Relationship. The relationship between the Seller and the Purchaser is solely that of seller and purchaser, and neither the Seller nor the Purchaser has any fiduciary or other special relationship with the other Party or any of its Affiliates. This Agreement is not a partnership or similar agreement, and nothing contained herein or in any other Transaction Document shall be deemed to constitute the Seller and the Purchaser as a partnership, an association, a joint venture or any other kind of entity or legal form for any purposes, including any Tax purposes. The Parties agree that they shall not take any inconsistent position with respect to such treatment in a filing with any Governmental Authority.

Section 10.5 Entire Agreement. This Agreement, together with the Exhibits and Schedules hereto and the other Transaction Documents, constitute a complete and exclusive statement of the terms of agreement between the Parties, and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties, with respect to the subject matter of this Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein (or in the Exhibits or Schedules hereto or the other Transaction Documents) has been made or relied upon by any Party.

Section 10.6 Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each Party irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of (i) the United States District Court for the Southern District of New York and (ii) the Supreme Court of the State of New York, Borough of Manhattan, for purposes of any claim, action, suit or proceeding arising out of this Agreement, any of the other Transaction Documents or any of the transactions contemplated hereby or thereby, and agrees that all claims in respect thereof shall be heard and determined only in such courts. Each Party agrees to commence any such claim, action, suit or proceeding only in the United States District Court for the Southern District of New York or, if such claim, action, suit or proceeding cannot be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, Borough of Manhattan, and agrees not to bring any such claim, action, suit or proceeding in any other court. Each Party hereby waives, and agrees not to assert in any such claim, action, suit or proceeding, to the fullest extent permitted by Applicable Law, any claim that (i) such Party is not personally subject to the jurisdiction of such courts, (ii) such Party and such Party's property is immune from any legal process issued by such courts or (iii) any claim, action, suit or proceeding commenced in such courts is brought in an inconvenient forum. Each Party agrees that a final judgment in any such claim, action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law. Each Party acknowledges and agrees that this Section 10.6(b) constitutes a voluntary and bargained-for agreement between the Parties.

(c) The Parties agree that service of process in any claim, action, suit or proceeding referred to in Section 10.6(b) may be served on any Party anywhere in the world, including by sending or delivering a copy of such process to such Party in any manner provided for the giving of notices in Section 10.2. Nothing in this Agreement will affect the right of any Party to serve process in any other manner permitted by Applicable Law. Each Party waives personal service of any summons, complaint or other process, which may be made by any other means permitted by New York law.

Section 10.7 Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.7.

Section 10.8 Severability. If one or more provisions of this Agreement are held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall remain in full force and effect and be enforceable in accordance with its terms. Any provision of this Agreement held invalid or unenforceable only in part or degree by a court of competent jurisdiction shall remain in full force and effect to the extent not held invalid or unenforceable.

Section 10.9 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Party. Any counterpart may be executed by facsimile or other similar means of electronic transmission, including "PDF", and such facsimile or other electronic transmission shall be deemed an original.

Section 10.10 Amendments; No Waivers. Neither this Agreement nor any term or provision hereof may be amended, supplemented, restated, waived, changed or modified except with the written consent of the Parties. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on any Party in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval hereunder shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 10.11 No Third Party Rights. Other than the Parties, no Person will have any legal or equitable right, remedy or claim under or with respect to this Agreement or any of the other Transaction Documents; provided, however, that notwithstanding the foregoing, Ligand is an intended third-party beneficiary and may enforce Section 5.13. This Agreement may be amended or terminated, and any provision of this Agreement may be waived, without the consent of any Person who is not a Party. The Seller shall enforce any legal or equitable right, remedy or claim under or with respect to this Agreement for the benefit of the Seller Indemnified Parties and the Purchaser shall enforce any legal or equitable right, remedy or claim under or with respect to this Agreement for the benefit of the Purchaser Indemnified Parties.

Section 10.12 Table of Contents and Headings. The Table of Contents and headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

{SIGNATURE PAGES FOLLOW}

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

SELLER PARTIES:

CHANNEL THERAPEUTICS CORPORATION, a Nevada corporation

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Executive Officer & Chief Financial Officer

LNHC, INC., a Delaware corporation

By: /s/ Scott M. Plesha
Name: Scott M. Plesha
Title: Chief Executive Officer

[*Signature Page to Purchase and Sale Agreement*]

PURCHASER:

NOMIS ROYALTYVEST LLC, a Delaware limited liability company

By:/s/ Mark Lichtenstein
Name: Mark Lichtenstein
Title: Authorized Representative

[*Signature Page to Purchase and Sale Agreement*]

Exhibit A

Form of Closing Date Bill of Sale

CLOSING DATE BILL OF SALE

This **CLOSING DATE BILL OF SALE** (this "**Bill of Sale**") is dated as of July 1, 2025 by LNHC, Inc., a Delaware corporation (the "**Seller**"), in favor of Nomis RoyaltyVest LLC, a Delaware limited liability company (the "**Purchaser**"). Unless otherwise specifically defined herein, each capitalized term used herein shall have the meaning assigned to such term in that certain Purchase and Sale Agreement, dated as of the date hereof (the "**Purchase Agreement**").

RECITALS

WHEREAS the Seller and the Purchaser are parties to the Purchase Agreement, pursuant to which, among other things, the Seller has agreed to sell, contribute, assign, transfer, convey and grant to the Purchaser, and the Purchaser has agreed to purchase, acquire and accept from the Seller, all of the Seller's right, title and interest in and to the Purchased Receivables, for the consideration described in the Purchase Agreement; and

WHEREAS the parties hereto now desire to evidence the transfer of all of the Seller's right, title and interest in and to the Purchased Receivables from the Seller to the Purchaser pursuant to the Purchase Agreement by the execution and delivery of this instrument.

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth in the Purchase Agreement and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. The Seller, by this Bill of Sale, does hereby sell, contribute, assign, transfer, convey and grant to the Purchaser, and the Purchaser does hereby purchase, acquire and accept, all of the Seller's right, title and interest in and to the Purchased Receivables.

2. This Bill of Sale: (a) is made pursuant to, and is subject to the terms of, the Purchase Agreement, and (b) shall be binding upon and inure to the benefit of the Seller, the Purchaser and their respective successors and permitted assigns, for the uses and purposes set forth and referred to above, effective immediately upon its delivery to the Purchaser.

3. THIS BILL OF SALE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

4. This Bill of Sale may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which counterpart shall constitute an original and all of which counterparts together shall constitute one and the same instrument.

5. The terms of the Purchase Agreement are incorporated herein *mutatis mutandis* by this reference. The parties hereto acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein, and that nothing herein shall be deemed to modify, expand or limit in any way the terms of the Purchase Agreement including any of the representations, warranties, covenants and obligations of the parties thereunder. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

{SIGNATURE PAGES FOLLOW}

IN WITNESS WHEREOF, the parties hereto have executed this Bill of Sale as of the day and year first written above.

SELLER:

LNHC, INC.

By:/s/ Scott M. Plesha
Name: Scott M. Plesha
Title: Chief Executive Officer

[*Signature Page to Closing Date Bill of Sale*]

PURCHASER:

NOMIS ROYALTYVEST LLC

By:/s/ Mark Lichtenstein
Name: Mark Lichtenstein
Title: Authorized Representative

[*Signature Page to Closing Date Bill of Sale*]

Exhibit B

Disclosure Schedule

(See attached.)

Exhibit C

Purchaser Account

[To be provided following the Closing]

Exhibit D

Seller Account

[To be provided following the Closing]

Exhibit E

Ligand License Agreement

(See attached.)

Exhibit F

Product Commercialization Plan

(See attached.)

Exhibit 10.13

Execution Version

PURCHASE AND SALE AGREEMENT

dated as of July 1, 2025

by and among

CHANNEL PHARMACEUTICAL CORPORATION, CHANNEL THERAPEUTICS CORPORATION
as the Seller Parties

and

THE PERSONS SET FORTH ON SCHEDULE I HERETO,
as the Purchasers

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of July 1, 2025, is by and between CHANNEL PHARMACEUTICAL CORPORATION, a Nevada corporation (the "Seller"), CHANNEL THERAPEUTICS CORPORATION, a Nevada corporation (the "Seller Parent", and together with the Seller, the "Seller Parties"), and the Persons set forth on Schedule 1 hereto (each, individually a "Purchaser", and collectively, the "Purchasers").

W I T N E S S E T H:

WHEREAS, the Seller holds certain assets and rights relating to the Covered Products; and

WHEREAS, the Seller desires to sell, contribute, assign, transfer, convey and grant to the Purchasers, and the Purchasers desire to purchase, acquire and accept from the Seller, the Purchased Receivables described herein, upon and subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties covenant and agree as follows:

ARTICLE I
DEFINED TERMS AND RULES OF CONSTRUCTION

Section 1.1 Defined Terms. The following terms, as used herein, shall have the following respective meanings:

"Account Bank" means Silicon Valley Bank, or such other bank or financial institution approved by the Purchasers and the Seller.

"Account Control Agreement" means any agreement entered into by the Account Bank, the Seller and the Purchasers in form and substance reasonably satisfactory to the Majority in Interest, pursuant to which, among other things, the Majority in Interest shall have control over the Collection Account within the meaning of Section 9-104 of the UCC.

"Affiliate" means, with respect to any designated Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such designated Person. For purposes of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Equity Interests, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative to the foregoing.

"Agreement" has the meaning set forth in the preamble.

"Applicable Law" means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person, the conduct of its business, or any of its properties, products or assets.

"Applicable Percentage" means, with respect to each Purchaser, the percentage listed next to such Purchaser on Schedule 1 under the heading "Applicable Percentage".

"Bankruptcy Event" means the occurrence of any of the following in respect of any Person: (a) an admission in writing by such Person of its inability to pay its debts as they become due or a general assignment by such Person for the benefit of creditors; (b) the filing of any petition or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar law now or hereafter in effect, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such law, or the appointment of or taking possession by a receiver, trustee, custodian, liquidator, examiner, assignee, sequestrator or other similar official for such Person or for any substantial part of its property; (c) corporate or other entity action taken by such Person to authorize any of the actions set forth in clause (a) or (b) of this definition; or (d) without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation, or the filing of any such petition against such Person, or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within 90 days from entry thereof.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by Applicable Law to remain closed.

"Change of Control" means any (w) reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of the Seller Parent or the Seller or issuance, sale or exchange of shares (or similar transaction or series of related transactions) of the Seller Parent or the Seller in which the holders of the Seller Parent's or the Seller's outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing more than 50% of the voting power of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether the Seller Parent or the Seller, as applicable, is the surviving entity, (x) Disposition of all or substantially all of the properties or assets of the Seller Parent or the Seller or (y) Disposition of all or substantially all of the Product Rights.

"Closing" has the meaning set forth in Section 6.1.

"Closing Date" has the meaning set forth in Section 6.1.

"Closing Date Bill of Sale" means that certain bill of sale, dated as of the Closing Date, executed by the Purchasers and the Seller, substantially in the form of Exhibit A.

"Closing Payment" has the meaning set forth in Section 2.2.

"Code" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Collection Account" means a segregated deposit account of the Seller established and maintained at an Account Bank pursuant to an Account Control Agreement for the purpose of receiving remittances from the Lockbox Account.

"Commercially Reasonable Efforts" or "Commercially Reasonable Actions" means,

(a) with respect to any Intellectual Property Rights in any country, efforts or actions that would be commercially reasonable for an owner and licensor of such Intellectual Property Rights in such country, which owner and licensor is entitled to the full economic benefit of such Intellectual Property Rights without regard to the transactions contemplated by this Agreement or any other business of, or assets owned by, such owner and licensor; or

(b) for purposes of Section 5.6, with respect to the efforts to be expended, or considerations to be undertaken, by the Seller or its Affiliates with respect to any objective, activity or decision to be undertaken hereunder, reasonable, good faith efforts to accomplish such objective, activity or decision as a prudent company in the biotechnology industry of a size comparable to the Seller Parent and its Subsidiaries, taken as a whole, would normally use to accomplish a similar objective, activity or decision under similar circumstances, it being understood and agreed that with respect to the Exploitation of the Covered Products, the Seller may take into account: (a) issues of efficacy, safety, and expected and actual approved labeling, (b) the expected and actual competitiveness of alternative products sold by third parties in the marketplace, (c) the likelihood of regulatory approval and/or pricing approval or pricing restrictions given the regulatory structure involved, including regulatory or data exclusivity, and (d) the expected and actual profitability of the Covered Products, all as measured by the facts and circumstances in existence at the time such efforts are due, but excluding any payments owed to the Purchasers under this Agreement.

"Confidential Information" has the meaning set forth in Section 8.1.

"Counterparty" means any counterparty to a Material Contract.

"Covered Product Revenue Payment" means, for each Purchaser for each calendar quarter from and after July 1, 2025, such Purchaser's Applicable Percentage of all aggregate Net Sales in the Territory and all Non-Royalty License Income during such calendar quarter.

"Covered Products" means any drug products related to or utilizing (i) Nitricil based technology, (ii) Xepi, or (iii) NaV channel based technology, and, in each case, any improvements, successors, replacements or varying dosage forms of the foregoing; provided, however, that for the avoidance of doubt, the "Covered Products" do not include Zelsuvmi.

"Disclosing Party" has the meaning set forth in Section 8.1.

"Disclosure Schedule" means the Disclosure Schedule, dated as of the date hereof and attached hereto as Exhibit B.

"Disposition" or "Dispose" means, with respect to any Person, directly or indirectly, the sale, assignment, conveyance, transfer, license, sublicense or other disposition (whether in a single transaction or a series of related transactions) (including by way of a sale and leaseback transaction) of property or assets by any Person.

"Disputes" has the meaning set forth in Section 3.11(h).

"Distributor" means, with respect to a country, any Third Party that is used by Seller in such country on a non-exclusive basis, and without any license grant or other right from Seller or any of its Sublicensees under any Intellectual Property Rights, to distribute finished, packaged pharmaceutical products to pharmacies, managed care organizations, governmental agencies, and other group purchasing organizations (e.g., pharmaceutical benefits managers) and the like in such country. For clarity, a Distributor of a Covered Product in a country shall not include any person or entity that has been granted a right, whether by license or otherwise and whether express or implied (including by subcontract or agency), by Seller or its Affiliates to manufacture any such Covered Product.

"Dollar" or the sign "$" means United States dollars.

"Equity Interests" means, with respect to any Person, all of the (i) shares of capital stock of (or other ownership or profit interests in) such Person, (ii) warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, (iii) securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and (iv) other ownership or profit interests in such Person (including partnership, member, membership or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"Event of Default" means the occurrence of one or more of the following:

(a) any failure by any of the Seller Parties to pay amounts owed to any of the Purchasers when and as required to be paid pursuant to this Agreement, which failure to pay continues for more than five Business Days after receipt of written notice from a Purchaser;

(b) except as set forth in clause (a) above, the breach by any of the Seller Parties of any of their obligations under any Transaction Document where a Purchaser has provided notice of such breach to the Seller Parties in writing and Seller Parties have not cured such breach within 30 days following receipt of such notice and where such breach, if not cured, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(c) (i) by virtue of any act or omission of the Seller Parties, any security interest purported to be created by this Agreement (A) ceases to be in full force and effect other than in accordance with the terms of the Transaction Documents, or (B) ceases to give the rights, powers and privileges purported to be created and granted hereunder or thereunder in the event of a recharacterization (except as otherwise expressly provided herein and therein), or (C) is asserted by the Seller Parties not to be a valid, perfected, first priority security interest in the Purchased Receivables, and/or (ii) the Seller Parties take any action which could reasonably be expected to materially impair the Purchasers' security interests in the Purchased Receivables pursuant to the Transaction Documents; or

(d) a Bankruptcy Event of any of the Seller Parties.

"Excluded Liabilities and Obligations" has the meaning set forth in Section 2.5.

"Exploit" and "Exploitation" shall mean, with respect to a product such as Covered Products, the research, study, development, formulation, processing, engineering, manufacture, testing, seeking and obtaining Regulatory Approval, use, sale, offer for sale (including marketing and promotion) and distribution (including importing, exporting, transporting, customs clearance, warehousing, invoicing, storage, handling and delivering) or other commercialization of such product.

"FDA" means the U.S. Food and Drug Administration and any successor agency thereto.

"GAAP" means generally accepted accounting principles in effect in the United States from time to time.

"GMP" means good manufacturing practices and standards for the production of drugs promulgated or endorsed by the FDA, as set forth in 21 C.F.R. Parts 210, 211, 600 through 680, 820, and 1271, as applicable, and comparable regulatory standards promulgated by any other Governmental Authority.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority (including supranational authority), commission, instrumentality, regulatory body, court, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including each Patent Office, the FDA and any other government authority in any country.

"In-License" means each license, settlement agreement or other agreement or arrangement between the Seller or any of its Affiliates and any Third Party pursuant to which the Seller or any of its Affiliates obtains a license or sublicense or a covenant not to sue or similar grant of rights to any patents or other intellectual property rights of such Third Party that is necessary for the Exploitation of a Covered Product.

"Indebtedness" of any Person means (a) any obligation of such Person for borrowed money, (b) any obligation of such Person evidenced by a bond, debenture, note or other similar instrument, (c) any obligation of such Person to pay the deferred purchase price of property or services (except (i) any accounts payable that arise in the ordinary course of business that are not in dispute and are not 90 days or more past due, (ii) payroll liabilities and deferred compensation, and (iii) any purchase price adjustment, royalty, earnout, milestone payments, contingent payment or deferred payment of a similar nature incurred in connection with any license, lease, contract research and clinic trial arrangements or acquisition), (d) any obligation of such Person as lessee under a capital lease (under GAAP as in effect on the date hereof), (e) any obligation of such Person to purchase securities or other property that arises out of or in connection with the sale of the same or substantially similar securities or property, (f) any non-contingent obligation of such Person to reimburse any other Person in respect of amounts paid under a letter of credit or other guaranty issued by such other Person, (g) any Indebtedness of others secured by a Lien on any asset of such Person, and (h) any Indebtedness of others guaranteed by such Person; provided that intercompany loans among the Seller and its Affiliates shall not constitute Indebtedness.

"Initial Royalty Term" means, on a country-by-country basis, the period of time commencing on the Effective Date and continuing until the expiration or termination of the last to expire Valid Claim of the Patents that cover the Covered Products.

"Intellectual Property Rights" means any and all of the following: (a) the Patents, (b) all Know-How and (c) all registered and unregistered trademarks, trademark applications, service marks, trade names, logos, packaging design, slogans and internet domain names, in each case, used in, relating to or necessary for the Exploitation of the Covered Products that is owned or controlled by the Seller.

"Investigational New Drug Application" means an Investigational New Drug Application, as such term is defined in the Federal Food, Drug, and Cosmetic Act of 1938, as amended, and the FDA regulations promulgated thereunder, for any Covered Product.

"IRB" has the meaning set forth in Section 3.12(l).

"IRS" means the United States Internal Revenue Service.

"Know-How" means any and all technical, scientific, regulatory, and other information, results, knowledge, techniques and data, in whatever form and whether or not confidential, patented or patentable, including inventions, invention disclosures, discoveries, plans, processes, practices, methods, knowledge, trade secrets, know-how, instructions, skill, experience, ideas, concepts, data (including biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, safety, quality control, and pre-clinical and clinical data), formulae, formulations, compositions, specifications, marketing, pricing, distribution, cost, sales and manufacturing data or descriptions, and all chemical or biological materials and other tangible materials. Know-How does not include any Patent claiming any of the foregoing.

"Knowledge" means, with respect to the Seller Parties, (a) for the purposes of ARTICLE III, the actual knowledge, as of the date of this Agreement, of any of the persons identified on Section 1.1 of the Disclosure Schedule, after due inquiry by each such person of each of his or her direct reports and (b) for the other purposes of this Agreement, the actual knowledge, as of a specified time, of any of the persons identified on Section 1.1 of the Disclosure Schedule or any successor to any such person holding the same or substantially similar position at such time; provided, however, that for purposes of this clause (b), each such person shall be deemed to have actual knowledge of any fact or matter such officer would reasonably be expected to discover in performing his or her duties and responsibilities, in such capacity, in the ordinary course of business.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, including any conditional sale or any sale with recourse, or any other restriction on transfer.

"Lockbox Account" means a segregated deposit account of the Seller established and maintained at an Account Bank pursuant to an Account Control Agreement for the purpose of receiving payments owed to the Seller in respect of the Covered Products.

"Loss" means any loss, liability, cost, expense (including reasonable costs of investigation and defense and reasonable attorneys' fees and expenses), charge, fine, penalty, obligation, judgment, award, assessment, claim or cause of action.

"Majority in Interest" means the Purchaser(s) holding, in the aggregate, more than 50% in interest of the Royalty Share.

"Material Adverse Effect" means a material adverse effect on (a) the legality, validity or enforceability of any of the Transaction Documents or the Material Contracts, (b) the ability of the Seller Parties to perform their obligations under any of the Transaction Documents, (c) the rights or remedies of the Purchasers under any of the Transaction Documents, (d) the right of the Purchasers to receive the Purchased Receivables, the timing, amount or duration of the Purchased Receivables, or the right to receive royalty reports and other information (including audit information) on the terms set forth in this Agreement, or (e) the business of the Seller Parties and their Subsidiaries, taken as a whole.

"Material Contract" means any license agreement, In-License, Out-License, distribution agreement, supply agreement, any agreement or arrangement with a contract manufacturing organization or contract research organization, and any other agreement or arrangement that is necessary or useful for the Exploitation of the Covered Products.

"Material Nonpublic Information" means any information that has not been disseminated to the general public, including, without limitation, through public filing with a securities regulatory authority, issuance of a press release, disclosure of the information in a national or broadly disseminated news service, or the issuance of a proxy statement or prospectus, that might (i) affect the market value or trading of a security generally or (ii) affect an investment decision of a reasonable investor.

"Net Sales" means, with respect to any Covered Product, the gross amounts invoiced for sales or other disposition of such Covered Product by or on behalf of Seller, its Affiliates, and their Sublicensees to Third Parties (other than Seller's Affiliates, Sublicensees and Distributors) for use by the end user in a bona fide arm's length transaction less (a) sales taxes or other similar taxes, (b) shipping and insurance charges, (c) actual allowances, rebates, credits, or refunds for returned or defective Covered Products, (d) trade discounts and quantity discounts, retroactive price reductions, or other allowances actually allowed or granted from the billed amount and taken, (e) rebates, credits, and chargeback payments (or the equivalent thereof) granted to managed health care organizations, wholesalers, or to federal, state/provincial, local and other governments, including their agencies, purchasers, and/or reimbursers, or to trade customers, and (f) any import or export duties, tariffs, or similar charges incurred with respect to the import or export of the Covered Product into or out of any country in the Territory. The Covered Product will be considered sold when paid for. Notwithstanding the foregoing, Net Sales shall not include, and shall be deemed zero with respect to, (1) the distribution of reasonable quantities of promotional samples of the Covered Product, (2) Covered Products provided for clinical trials or research purposes, or charitable or compassionate use purposes, or (3) Covered Products provided to any of Seller's Affiliates, Sublicensees or other strategic partners under an agreement in which Net Sales by such Affiliate, Sublicensee or other strategic partner shall be subject to royalties hereunder.

"Net Sales Exceptions" has the meaning set forth in the definition of "Net Sales".

"New Drug Application" means a New Drug Application, Supplement or an Abbreviated New Drug Application, as those terms are defined in the Federal Food, Drug, and Cosmetic Act of 1938, as amended, and the FDA regulations promulgated thereunder, for any Covered Product.

"Non-Assignable Rights" has the meaning set forth in Section 10.3.

"Non-Royalty License Income" means all payments received by Seller or its Affiliates from a licensee in consideration for the grant by Seller or its Affiliates of a sublicense or Out-License under the Specified IP to make, use, sell, offer to sell, or otherwise develop, commercialize or exploit the Covered Product in the Territory, including the portion of upfront payments, license fees and milestone payments allocable to such rights to Specified IP, but excluding: (a) payments made in consideration of equity or debt securities of Seller or its Affiliates to the extent at or below the fair market value of such securities, (b) payments made to Seller or its Affiliates as a prepayment or reimbursement for the performance of research, development or commercialization services at cost, and (c) royalty or profit share payments received based on the sales of any Covered Product, provided that such quanta of sales is included as Net Sales under this Agreement. In the event that Seller receives non-cash consideration from a licensee for rights to the Specified IP, Non-Royalty License Income will be determined based on the fair market value of such consideration received by Seller or its Affiliates.

"NRV" means Nomis RoyaltyVest LLC, a Delaware limited liability company.

"Orange Book" means the FDA publication *Approved Drug Products with Therapeutic Equivalence Evaluations*, as may be amended from time to time.

"Out-License" means each license, settlement agreement or other agreement or arrangement between the Seller or any of its Affiliates and any Third Party pursuant to which the Seller or any of its Affiliates grants a license, sublicense or similar grant of any Product Application, Regulatory Approval or Intellectual Property Right that is necessary or reasonably useful for the Exploitation of a Covered Product.

"Party" means each of the Seller Parties or the Purchasers, as the context requires, and "Parties" means, together, the Seller Parties and the Purchasers.

"Patent Office" means the applicable patent office, including the United States Patent and Trademark Office and any comparable foreign patent office, for any Intellectual Property Rights that are Patents.

"Patents" means any and all issued patents and pending patent applications, including without limitation, all provisional applications, substitutions, continuations, continuations-in part, divisions, and renewals, all letters patent granted thereon, and all patents-of-addition, reissues, reexaminations and extensions or restorations by existing or future extension or restoration mechanisms (including regulatory extensions), and all supplementary protection certificates, together with any foreign counterparts thereof anywhere, claiming or covering the Covered Products, or composition of matter, formulation, or methods of manufacture or use thereof, that are issued or filed on or after the date of this Agreement, in each such case, which are owned or controlled by, issued or licensed to, licensed by, or hereafter acquired or licensed by, the Seller or any of its Affiliates, and including, for the avoidance of doubt, the Patents listed on Section 3.11(a) of the Disclosure Schedule.

"Person" means any natural person, firm, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or any other legal entity, including public bodies, whether acting in an individual, fiduciary or other capacity.

"Product Application" means an application for Regulatory Approval to research, study, develop, formulate, process, engineer, manufacture, test, use, market, sell, offer for sale and distribute a product or drug in a country or region, including (a) a New Drug Application, (b) an Investigational New Drug Application, (c) any corresponding foreign application in any country or jurisdiction in the world and (d) all supplements, amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing.

"Product Development Plan" means the development plans for the Covered Products, attached hereto as Exhibit E, as such development plans may from time to time be modified, amended, amended and restated, and supplemented by the Seller Parties to the extent permitted by, and in accordance with, this Agreement.

"Product Rights" means any and all of the following, as they exist throughout the Territory: (a) Intellectual Property Rights, (b) regulatory filings, submissions authorizations and approvals, with or from any Regulatory Agencies with respect to any of the Covered Products, including all Product Applications, (c) In-Licenses and (d) Out-Licenses.

"Product Transaction" means a sale, assignment, transfer, license or other disposition, in whole or in part, of any material rights in or to the Covered Products.

"Progress Reports" has the meaning set forth in Section 5.1(c).

"Purchase Price" means $1,000; provided that for relevant Tax purposes, the Parties acknowledge that this Agreement is entered into in connection with other agreements entered into by or among the Parties and a Party may allocate a portion of the amount paid under any such other agreement as consideration for the rights granted under this Agreement in a manner as such Party may consider relevant or required for applicable Tax purposes; provided further that nothing in this definition shall be construed as requiring the Parties to allocate any such amount or agree as to the amount, if any, so allocated.

"Purchased Receivables" means (a) the Covered Product Revenue Payments, and (b) in the case of each of (a), all "accounts" (as such term is defined in the UCC) of the Seller with respect to the Covered Product Revenue Payments.

"Purchasers" has the meaning set forth in the preamble.

"Purchasers Accounts" means, with respect to the Purchasers, the respective accounts set forth on Exhibit C (or to such other account as a Purchaser shall notify the Seller in writing from time to time).

"Purchaser Connection Tax" means any Tax to the extent that it would not be imposed but for (i) the Purchaser being organized in or having a permanent establishment (or otherwise actively conducting a business in) in (other than in connection arising from this Agreement and/or any transactions contemplated hereby) the jurisdiction of the applicable taxing authority (ii) any failure of the Purchaser to provide the withholding agent any valid applicable documentation, certificates, or other tax forms, which allow such withholding agent to make payments under this Agreement to the Purchaser without deduction or withholding for any U.S. federal withholding taxes (iii) any U.S. federal withholding taxes imposed on amounts payable to Purchaser (or its successor or assignee, including pursuant to Section 10.3) pursuant to a law in effect on the date the Purchaser (or its successor or assignee, including pursuant to Section 10.3) becomes party to this Agreement, or (iv) any payment to the Purchaser under this Agreement being characterized as compensation for services to such Purchaser for U.S. federal income tax purposes.

"Purchasers Expenses" means all documented third-party expenses incurred by the Purchasers in connection with the transactions contemplated by this Agreement on or prior to the Closing.

"Purchaser Indemnified Party" has the meaning set forth in Section 7.1.

"Purchaser Indemnified Tax" means any withholding Tax (other than a Purchaser Connection Tax) withheld by any licensee, sublicensee, the Seller, or any other applicable withholding agent in respect of any payment made to the Purchaser pursuant to this Agreement or to the Seller (or its Affiliates) that are attributable to the Purchased Receivables; provided that, notwithstanding the foregoing, Purchaser Indemnified Tax shall include any Tax resulting from or attributable any action taken or caused to be taken by the Seller or its Affiliates or any failure of such Persons to provide any information that is necessary to establish an exemption, after the effective date hereof, that results in any additional withholding or deduction, which would not have resulted absent the Seller or any of its Affiliates taking, causing to be taken, or failing to take such action.

"Receiving Party" has the meaning set forth in Section 8.1.

"Regulatory Agency" means a Governmental Authority with responsibility for the approval, authorization, registration, permission or allowance of the research, study, development, formulation, processing, engineering, manufacturing, testing, holding, importing, transporting, use, marketing, promotion and sale or offering for sale of pharmaceuticals or other regulation of pharmaceuticals in any country.

"Regulatory Approval" means, collectively, all regulatory approvals, licenses, permissions, allowances, registrations, certificates, authorizations, permits and supplements thereto, as well as associated materials (including the product dossier or Product Application) pursuant to which the Covered Products may be researched, studied, developed, formulated, processed, engineered, manufactured, tested, held, imported, transported, used, marketed, promoted, sold, offered for sale and distributed by distributors or the Seller, as the case may be, in a jurisdiction, issued by the appropriate Regulatory Agency, including, to the extent required by Applicable Law for the sale of the Covered Product, all pricing approvals and pricing restrictions, and governmental reimbursement approvals and restrictions.

"Royalty Payment Date" has the meaning set forth in Section 2.3(a).

"Royalty Report" has the meaning set forth in Section 5.1(b).

"Royalty Share" means, with respect to each Purchaser, the percentage listed next to such Purchaser on Schedule 1 under the heading "Royalty Share."

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

"Seller" has the meaning set forth in the preamble.

"Seller Account" means the account set forth on Exhibit D (or to such other account as the Seller shall notify the Purchasers in writing from time to time).

"Seller Indemnified Party" has the meaning set forth in Section 7.2.

"Seller Parties" has the meaning set forth in the preamble.

"Set-off" means any set-off or off-set.

"Specified Breach Event" means:

(a) the breach by any Seller Party, as would reasonably be expected to have a Material Adverse Effect, of any of their obligations under any of Section 5.4 (Patent Prosecution, Enforcement, Defense); or

(b) the breach by the Seller of any of its obligations under Section 5.6 (Diligence) and, with respect to clauses (a) and (b) of this definition, where the Majority in Interest has provided notice of such breach to the Seller Parties in writing and the Seller Parties have not cured such breach within forty-five days following receipt in writing of such notice of breach.

"Specified IP" means the Intellectual Property Rights that are necessary to make, use, sell or offer to sell a Covered Product in the Territory.

"Studies" has the meaning set forth in Section 3.12(l).

"Sublicensee" means a Third Party or an Affiliate of Seller to which Seller grants a sublicense under Section 5.12, under the Specified IP, to make, use, sell or offer to sell a Covered Product in the Territory, as the case may be, other than a Distributor. In no event will any Purchaser or any of its Affiliates be deemed a Sublicensee.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Equity Interests of such other Person (irrespective of whether at the time Equity Interests of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person or by one or more other Subsidiaries of such Person.

"Tax" or "Taxes" means any U.S. federal, state, local or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, escheat or unclaimed property, sales, use, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including, in each case, (a) any interest, penalty or addition thereto and (b) whether disputed or not.

"Territory" means worldwide.

"Third Party" means any Person that is not a Party.

"Third Party Analyst" means a reputable Third Party auditor or vendor with experience with products substantially similar to the Covered Product, selected by the Majority in Interest.

"Third Party Claim" means any claim, action, suit or proceeding by a Third Party, including any investigation by any Governmental Authority.

"Transaction Documents" means this Agreement, the Account Control Agreement and the Closing Date Bill of Sale.

"U.S." or "United States" means the United States of America, its 50 states, each territory thereof and the District of Columbia.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of Nevada; provided that if, with respect to any financing statement or by reason of any provisions of law, the perfection or the effect of perfection or non-perfection of the back-up security interest or any portion thereof granted pursuant to Section 2.1(d) is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than the State of Nevada, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of this Agreement and any financing statement relating to such perfection or effect of perfection or non- perfection.

"Valid Claim" means, on a country-by-country basis, (a) a claim of an unexpired issued or granted Patent as long as the claim has not been admitted to being invalid by the owner of such Patent or otherwise caused to be invalid or unenforceable through reissue, disclaimer or otherwise, or held invalid or unenforceable by a tribunal or governmental agency of competent jurisdiction from whose judgment no appeal is allowed or timely taken; or (b) a claim within a Patent application that has not been pending for more than seven (7) years from the date of its first priority Patent application anywhere in the Territory and which claim has not been revoked, cancelled, withdrawn, held invalid or abandoned.

"Zelsuvmi" means ZELSUVMI™ (berdazimer) topical gel for the treatment of molluscum contagiosum in humans and any improvements, successors, replacements or varying dosage forms of the foregoing.

Section 1.2 Rules of Construction.

(a) Unless the context otherwise requires, in this Agreement:

(i) a term has the meaning assigned to it and an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(ii) unless otherwise defined, all terms that are defined in the UCC shall have the meanings stated in the UCC;

(iii) words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders;

(iv) the terms "include," "including" and similar terms shall be construed as if followed by the phrase "without limitation";

(v) unless otherwise specified, references to a contract or agreement include references to such contract or agreement as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with its terms (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth herein), and include any annexes, exhibits and schedules hereto or thereto, as the case may be;

(vi) any reference to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment, transfer or delegation set forth herein or in any of the other Transaction Document) and any reference to a Person in a particular capacity excludes such Person in other capacities;

(vii) references to any Applicable Law shall include such Applicable Law as from time to time in effect, including any amendment, modification, codification, replacement, or reenactment thereof or any substitution therefor;

(viii) the word "will" shall be construed to have the same meaning and effect as the word "shall";

(ix) the words "hereof," "herein," "hereunder" and similar terms shall refer to this Agreement as a whole and not to any particular provision hereof, and Article, Section and Exhibit references herein are references to Articles, Sections of, and Exhibits to, this Agreement unless otherwise specified;

(x) the definitions of terms shall apply equally to the singular and plural forms of the terms defined;

(xi) in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding"; and

(xii) where any payment is to be made, any funds are to be applied or any calculation is to be made under this Agreement on a day that is not a Business Day, unless this Agreement otherwise provides, such payment shall be made, such funds shall be applied and such calculation shall be made on the succeeding Business Day, and payments shall be adjusted accordingly.

(b) The provisions of this Agreement shall be construed according to their fair meaning and neither for nor against any Party irrespective of which Party caused such provisions to be drafted. Each Party acknowledges that it has been represented by an attorney in connection with the preparation and execution of this Agreement and the other Transaction Documents.

ARTICLE II
PURCHASE AND SALE OF THE PURCHASED RECEIVABLES

Section 2.1 Purchase and Sale.

(a) Subject to the terms and conditions of this Agreement, on the Closing Date, the Seller hereby sells, contributes, assigns, transfers, conveys and grants to each Purchaser, and each Purchaser hereby purchases, acquires and accepts from the Seller, all of the Seller's rights, title and interest in and to such Purchaser's Purchased Receivables, free and clear of any and all Liens.

(b) The Seller and the Purchasers intend and agree that the sale, contribution, assignment, transfer, conveyance and granting of the Purchased Receivables under this Agreement shall be, and are, a true, complete, absolute and irrevocable assignment and sale by the Seller to the Purchasers of the Purchased Receivables (including for U.S. federal income tax purposes) and that such assignment and sale shall provide the Purchasers with the full benefits of ownership of the Purchased Receivables. Neither the Seller nor the Purchasers intend the transactions contemplated hereby to be, or for any purpose (including U.S. federal income tax purposes) characterized as, a loan from the Purchasers to the Seller or a pledge or assignment or a security agreement. The Seller Parties waive any right to contest or otherwise assert that this Agreement does not constitute a true, complete, absolute and irrevocable sale and assignment by the Seller to the Purchasers of the Purchased Receivables under Applicable Law, which waiver shall be enforceable against the Seller Parties in any Bankruptcy Event in respect of the Seller Parties. The sale, assignment, transfer, conveyance and granting of the Purchased Receivables shall be reflected on the Seller Parties' financial statements and other records as a sale of assets to the Purchasers (except to the extent GAAP or the rules of the SEC require otherwise with respect to the Seller Parties' consolidated financial statements).

(c) The Seller hereby authorizes each Purchaser and its agents and representatives to execute, record and file, and consents to each Purchaser and its agents and representatives executing, recording and filing, at each such Purchaser's sole cost and expense, financing statements in the appropriate filing offices under the UCC (and continuation statements with respect to such financing statements when applicable), and amendments thereto, in such manner and in such jurisdictions as are necessary or appropriate to evidence or perfect the sale, assignment, transfer, conveyance and grant by the Seller to each Purchaser, and each Purchaser's first priority security interest in and to all of the Seller's right, title and interest in, to and under such Purchaser's Purchased Receivables.

(d) Notwithstanding that the Seller and the Purchasers expressly intend for the sale, assignment, transfer, conveyance and granting of the Purchased Receivables to be a true, complete, absolute and irrevocable sale and assignment, the Seller hereby assigns, conveys, grants and pledges to the Purchasers, as security for their obligations created hereunder in the event that the transfer of the Purchased Receivables contemplated by this Agreement is held not to be a sale, a first priority security interest in and to all of the Seller's right, title and interest in, to and under the Purchased Receivables and, in such event, this Agreement shall constitute a security agreement.

Section 2.2 Payment of the Purchase Price. In full consideration for the sale, transfer, conveyance and granting of the Purchased Receivables, and subject to the terms and conditions set forth herein, at the Closing, each Purchaser shall pay to the Seller an amount equal to its Royalty Share of the Purchase Price minus such Purchasers Expenses, in immediately available funds by wire transfer to the Seller Account (the "Closing Payment"), which amount shall be deemed paid and received by the Seller upon closing of the other transactions among the Parties and/or their Affiliates on the date hereof, including the pipe financing and merger.

Section 2.3 Payment of Purchased Receivables to the Purchasers.

(a) In consideration of each Purchaser paying its Royalty Share of the Purchase Price hereunder, the Seller shall pay to each Purchaser, by wire transfer of immediately available funds in U.S. dollars to such Purchaser's Purchasers Account, without any Set-off (subject, in each case, to Section 5.9), such Purchaser's Covered Product Revenue Payments for each calendar quarter (commencing with the calendar quarter beginning July 1, 2025) promptly, but in any event no later than 60 calendar days after the end of each calendar quarter (each such date, a "Royalty Payment Date").

(b) A late fee of 1.5% over the Applicable Percentage (calculated on a per annum basis) will accrue on all unpaid amounts with respect to any Covered Product Revenue Payment from the applicable Royalty Payment Date. The imposition and payment of a late fee shall not constitute a waiver of the Purchasers' rights with respect to such payment default. Such accrued late fee will be compounded annually. Payment of such accrued late fee shall accompany payment of the outstanding Covered Product Revenue Payment.

(c) On or prior to each Royalty Payment Date, the Seller shall provide to the Purchasers a written report pursuant to Section 5.1(c).

Section 2.4 No Assumed Obligations. Notwithstanding any provision in this Agreement or any other writing to the contrary, the Purchasers are purchasing, acquiring and accepting only the Purchased Receivables and is not assuming any liability or obligation of the Seller or any of the Seller's Affiliates of whatever nature, whether presently in existence or arising or asserted hereafter, including any liability or obligation of the Seller under the Material Contracts. All such liabilities and obligations shall be retained by, and remain liabilities and obligations of, the Seller or the Seller's Affiliates, as the case may be (the "Excluded Liabilities and Obligations").

Section 2.5 Excluded Assets. The Purchasers do not, by purchase, acquisition or acceptance of the right, title or interest granted hereunder or otherwise pursuant to any of the Transaction Documents, purchase, acquire or accept any assets or contract rights of the Seller under the Material Contracts, other than the Purchased Receivables, or any other assets of the Seller.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER PARTIES

Except as set forth on the Disclosure Schedule, the Seller Parties, jointly and severally, hereby make each of the following representations and warranties to the Purchasers:

Section 3.1 Organization.

(a) The Seller Parent is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nevada and has all corporate power and authority, and all licenses, permits, registrations, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business, as now conducted, and to exercise its rights and to perform its obligations. The Seller Parent is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect).

(b) The Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nevada and has all corporate power and authority, and all licenses, permits, registrations, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business, as now conducted, and to exercise its rights and to perform its obligations. The Seller is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect).

(c) Other than the Seller, no other subsidiary of the Seller Parent has any ownership interest in, or assets relating to or otherwise necessary for the Exploitation of, the Covered Products.

Section 3.2 No Conflicts.

(a) Except as set forth on Section 3.2(a) of the Disclosure Schedule, the execution and delivery by the Seller Parties of any of the Transaction Documents, the performance by the Seller Parties of their obligations hereunder or thereunder or the consummation by the Seller Parties of the transactions contemplated hereby or thereby will not (i) contravene, conflict with or violate any term or provision of any of the organizational documents of the Seller Parties or any of their Subsidiaries, (ii) contravene, conflict with or violate, or give any Governmental Authority or other Person the right to exercise any remedy or obtain any relief under, any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to which the Seller Parties or any of their Subsidiaries or any of their respective assets or properties may be subject or bound, except as would not have a Material Adverse Effect, (iii) result in a breach or violation of, constitute a default (with or without notice or lapse of time, or both) under, or give any Person the right to exercise any remedy or obtain any additional rights under, or accelerate the maturity or performance of, or payment under, or cancel or terminate, (A) except as would not be reasonably expected to result in a Material Adverse Effect, to any contract, agreement, indenture, lease, license, deed, commitment, obligation or instrument to which the Seller Parties or any of their Subsidiaries is a party or by which the Seller Parties or any of their Subsidiaries or any of their respective assets or properties is bound or committed (other than any Material Contract) or (B) any Material Contract, and (iv) except as provided in any of the Transaction Documents, result in or require the creation or imposition of any Lien on the Intellectual Property Rights, the Covered Products, the Material Contracts or the Purchased Receivables.

(b) The Seller Parties have not granted, nor does there exist, any Lien on or relating to the Material Contracts, the Intellectual Property Rights, or the Covered Products. The Seller Parties have neither granted, nor does there exist, any Lien on or relating to the Purchased Receivables. There are no licenses, sublicenses or other rights under the Intellectual Property Rights that have been granted by the Seller Parties to any Third Party with respect to the Exploitation of the Covered Products in the Territory.

Section 3.3 Authorization. Each Seller Party has all necessary corporate power and authority to execute and deliver the Transaction Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents and the performance by each Seller Party of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action on the part of such Seller Party. This Agreement has been, and on or prior to Closing each of the Transaction Documents will be, duly executed and delivered by an authorized officer of the Seller Parties. This Agreement constitutes, and as of the Closing each of the Transaction Documents will constitute, the legal, valid and binding obligation of the Seller Parties, enforceable against the Seller Parties in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, general equitable principles and principles of public policy.

Section 3.4 Ownership. Except as set forth on Section 3.4 of the Disclosure Schedule, the Seller Parties are collectively the exclusive owner, or exclusive licensee, of the entire right, title (legal and equitable) and interest in, to and under the Purchased Receivables and, solely with respect to the Exploitation of the Covered Products, the Intellectual Property Rights. The Purchased Receivables sold, assigned, transferred, conveyed and granted to the Purchasers have not been pledged, sold, assigned, transferred, conveyed or granted by the Seller to any other Person. The Seller has the full right to sell, assign, transfer, convey and grant the Purchased Receivables to the Purchasers. Upon the sale, assignment, transfer, conveyance and granting by the Seller of the Purchased Receivables to the Purchasers, the Purchasers shall acquire good and marketable title to the Purchased Receivables free and clear of all Liens, other than those Liens created under the Transaction Documents, and shall be the exclusive owner of the Purchased Receivables. As of the Closing Date, no product of the Seller Parties is excluded by the definition of "Covered Products" in this Agreement (other than Zelsuvmi).

Section 3.5 Governmental and Third Party Authorizations. The execution and delivery by the Seller Parties of the Transaction Documents, the performance by the Seller Parties of their respective obligations hereunder and thereunder and the consummation by the Seller Parties of the transactions contemplated hereby and thereby do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by, or filing with, any Governmental Authority or any other Person, except for (i) the filing of a Current Report on Form 8-K with the SEC and (ii) the filing of UCC financing statements.

Section 3.6 No Litigation.

(a) Except as set forth on Section 3.6(a) of the Disclosure Schedule, there is no action, suit, arbitration proceeding, claim, demand, citation, summons, subpoena or other proceeding (whether civil, criminal, administrative, regulatory or informal) (i) pending or, to the Knowledge of the Seller, threatened by or against the Seller Parties or any of their Subsidiaries or (ii) to the Knowledge of the Seller, pending or threatened by or against any Counterparty or their Affiliates, in each case, in respect of the Material Contracts, the Intellectual Property Rights, the Covered Products or the Purchased Receivables, at law or in equity, that (i) would reasonably be expected to result in a material liability to the Seller Parties or (ii) challenges or seeks to prevent or delay the consummation of any of the transactions contemplated by any of the Transaction Documents to which the Seller Parties are party.

(b) Except as set forth on Section 3.6(b) of the Disclosure Schedule, there is no inquiry or investigation (whether civil, criminal, administrative, regulatory, investigative or informal) by or before a Governmental Authority (i) pending or, to the Knowledge of the Seller, threatened against the Seller Parties or any of their Subsidiaries or (ii) to the Knowledge of the Seller, pending or threatened by or against any Counterparty, in each case in respect of the Material Contracts, the Intellectual Property Rights, the Covered Products or the Purchased Receivables that (i) would reasonably be expected to result in a material liability to the Seller Parties or (ii) challenges or seeks to prevent or delay the consummation of any of the transactions contemplated by any of the Transaction Documents to which the Seller Parties are party.

(c) To the Knowledge of the Seller, no event has occurred or circumstance exists that would reasonably be expected to give rise to or serve as a basis for the commencement of any such action, suit, arbitration proceeding, claim, demand, proceeding, inquiry or investigation referred to in Section 3.6(a) or 3.6(b).

Section 3.7 Indebtedness; Solvency.

(a) Section 3.7(a) of the Disclosure Schedule sets forth a complete list of all outstanding Indebtedness of the Seller Parties.

(b) No Bankruptcy Event has occurred with respect to a Seller Party.

(c) Immediately after giving effect to the consummation of the transactions contemplated by the Transaction Documents and the application of the proceeds therefrom, (i) the fair value of the Seller Parties' assets will be greater than the sum of its debts, liabilities and other obligations, including contingent liabilities, (ii) the present fair saleable value of the Seller Parties' assets, including, for the avoidance of doubt, the Intellectual Property Rights, will be greater than the amount that would be required to pay its probable liabilities on its existing debts, liabilities and other obligations, including contingent liabilities, as they become absolute and matured in the normal course of business, (iii) the Seller Parties will be able to realize upon its assets and pay its debts, liabilities and other obligations, including contingent obligations, as they mature, (iv) the Seller Parties will have free cash on hand with which to engage in its business as now conducted, (v) the Seller Parties do not have any present plans or intentions to incur debts or other obligations or liabilities beyond its ability to pay such debts or other obligations or liabilities as they become absolute and matured, (vi) the Seller Parties will not have become subject to any Bankruptcy Event and (vii) the Seller Parties will not have been rendered insolvent within the meaning of Section 101(32) of Title 11 of the United States Code. For purposes of this Section 3.7(c), the amount of all contingent obligations at any time shall be computed as the amount that, in light of all facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

Section 3.8 Tax Matters.

(a) No deduction or withholding for or on account of any Tax has been made from any payment to the Seller Parties or any of their Affiliates under any Out License. No applicable withholding agent under any Out License or any taxing authority has ever notified the Seller Parties that any such withholding was required or would have been required absent the Seller's qualification for benefits under an applicable income Tax treaty. The Seller Parties have filed (or caused to be filed) all material Tax returns and material Tax reports required to be filed under Applicable Law and have paid all material Taxes required to be paid by them (including, in each case, in its capacity as a withholding agent), except for any such Taxes that are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with the generally accepted accounting principles applicable to the Seller Parties, as in effect from time to time.

(b) There are no existing Liens for Taxes on the Purchased Receivables (or any portion thereof).

Section 3.9 No Brokers' Fees. The Seller Parties have not taken any action that would entitle any person or entity to any commission or broker's fee in connection with the transactions contemplated by this Agreement.

Section 3.10 Compliance with Laws. None of the Seller Parties nor any of their Subsidiaries (a) has violated or is in violation of, has been given notice of any violation of, or, to the Knowledge of the Seller, is under investigation with respect to or has been threatened to be charged with, any material violation of, any Applicable Law or any judgment, order, writ, decree, injunction, stipulation, consent order, permit, registration or license granted, issued or entered by any Governmental Authority or (b) is subject to any judgment, order, writ, decree, injunction, stipulation or consent order issued or entered by any Governmental Authority, in each case, in a manner that would be reasonably expected to materially and adversely affect the Covered Products.

Section 3.11 Intellectual Property Matters.

(a) Section 3.11(a) of the Disclosure Schedule sets forth an accurate and complete list of all issued Patents and pending Patent applications owned or licensed by the applicable Seller Party. For each Patent listed on Section 3.11(a) of the Disclosure Schedule the Seller Parties have indicated (i) the countries in which such Patent is pending, allowed, granted or issued, (ii) including a notation of any term extensions, the patent number and/or patent application serial number, (iii) the scheduled expiration date of each such issued Patent, (iv) the expected scheduled expiration date of each Patent issuing from such pending Patent application once issued and (v) the registered owner thereof.

(b) Except as otherwise set forth on Section 3.11(a) of the Disclosure Schedule, the Seller is the sole and exclusive owner or exclusive licensee of each of the Patents listed on Section 3.11(a) of the Disclosure Schedule and each of the inventions claimed in such Patents.

(c) To the Knowledge of the Seller, in each Patent listed in the Orange Book for a Covered Product as of the date hereof, there is at least one Valid Claim (treating pending claim as if issued) that would be infringed by the Exploitation of the Covered Products, as applicable.

(d) There are no unpaid maintenance or renewal fees payable by the Seller Parties to any Third Party that currently are overdue for any of the Patents. No Patents listed on Section 3.11(a) of the Disclosure Schedule have lapsed or been abandoned, cancelled or expired.

(e) To the Knowledge of the Seller, each Person who has or has had any rights in or to the Patents, including each inventor named on the Patents, has executed a contract assigning his, her or its entire right, title and interest in and to such Patents and the inventions embodied, described and or claimed therein, to the owner thereof, and each such contract has been duly recorded in each Patent Office wherein it would be necessary or advisable, as determined by the Seller Parties in their commercially reasonable judgement, to document such assignment.

(f) Except as otherwise set forth on Section 3.11(f) of the Disclosure Schedule, to the Knowledge of the Seller, each individual associated with the filing and prosecution of the Patents, including the named inventors of the Patents, has complied in all material respects with all applicable duties of candor and good faith in dealing with any Patent Office, including any duty to disclose to any Patent Office all information known by such inventors to be material to the patentability of the Patents (including any relevant prior art), in each case, in those jurisdictions where such duties exist.

(g) Subsequent to the issuance of each Patent, neither the Seller Parties nor, to the Knowledge of the Seller, any Counterparty, has filed any terminal disclaimer or made or permitted any other voluntary reduction in the scope of such Patent.

(h) There is no pending or, to the Knowledge of the Seller, threatened opposition, interference, reexamination, injunction, claim, suit, action, citation, summon, subpoena, hearing, inquiry, investigation (by the International Trade Commission or otherwise), complaint, arbitration, mediation, demand, decree or other dispute, disagreement, proceeding or claim (collectively, "Disputes") challenging the legality, validity, scope, enforceability or ownership of any of the Intellectual Property Rights. To the Knowledge of the Seller, there are no pending or threatened Disputes by any Counterparty, or their Affiliates or sublicensees, challenging the legality, validity, scope, enforceability or ownership of any of the Intellectual Property Rights. There are no Disputes by or with any Third Party against the Seller Parties involving any of the Covered Products. The Intellectual Property Rights are not subject to any outstanding injunction, judgment, order, decree, ruling, change, settlement or other disposition of a Dispute. There are no proceedings, other than proceedings in the ordinary course of patent prosecution with respect to the Patents listed on Section 3.11(a) of the Disclosure Schedule.

(i) There is no pending action, suit, proceeding, investigation or claim against the Seller Parties or their Affiliates related to the Covered Products. To the Knowledge of the Seller, there is no threatened action, suit, proceeding, investigation or claim, and, to the Knowledge of the Seller, no event has occurred or circumstance exists that (with or without notice or lapse of time, or both) would reasonably be expected to give rise to or serve as a basis for any action, suit, proceeding, investigation or claim by any Person that claims that the manufacture, use, marketing, sale, offer for sale, importation or distribution of any Covered Product does or could infringe on any patent or other intellectual property rights of any Third Party or constitute misappropriation of any other Person's trade secrets or other intellectual property rights.

(j) To the Knowledge of the Seller, there are no patents issued, and no pending patent applications with claims reasonably likely to issue, owned by any Third Party, that (A) the Counterparties, as applicable, do not have a right to use that would be infringed by Counterparty's Exploitation of a Covered Product, as applicable, but for Counterparty's rights in such patents and patent applications, or (B) the Seller does not have a right to use that would be infringed by the Seller's Exploitation of a Covered Product but for the Seller's rights in such patents and patent applications.

(k) To the Knowledge of the Seller, there is no Person infringing any of the Intellectual Property Rights, and neither of the Seller has received any written notice under any of the Material Contracts or put any Person on notice, of actual or alleged infringement of any of the Intellectual Property Rights.

(l) The Seller and, to the Knowledge of the Seller, each Counterparty has taken all reasonable precautions to protect the secrecy, confidentiality and/or value of the applicable Know-How.

(m) The Intellectual Property Rights constitute all of the intellectual property owned or licensed by the Seller Parties or any of their Affiliates that is, to the Seller's Knowledge, necessary or useful for the manufacture, use or sale of the Covered Products.

(n) No legal opinion concerning or with respect to any Third Party intellectual property rights relating to the Covered Products, including any freedom-to-operate, product clearance, patentability, validity or right-to-use opinion, has been delivered to the Seller Parties.

(o) To the Knowledge of the Seller, there is no Person who is or claims to be an inventor under any Patent who is not a named inventor thereof and the list of inventors named in each issued and unexpired Patent listed on Section 3.11(a) of the Disclosure Schedule is current and complete.

(p) The Patents listed on Section 3.11(a) of the Disclosure Schedule marked with an "*" constitute the Patents listed in the Orange Book for the Covered Product as of the date hereof.

Section 3.12 Regulatory Approval and Marketing.

(a) To the Knowledge of the Seller Parties, each Counterparty is in compliance with its material obligations to seek, obtain and maintain Regulatory Approval for the Covered Products to the extent required by the applicable Material Contract.

(b) The Seller Parties are in compliance with their obligations to seek, obtain and maintain Regulatory Approval for the Covered Products.

(c) The Seller Parties possess and, to the Knowledge of the Seller Parties, each Counterparty possesses all permits, licenses, registrations, authorizations and permissions, including Regulatory Approvals from the FDA and other Governmental Authorities required for the conduct of their business as currently conducted and for the development and Exploitation of the Covered Products, and all such permits, licenses, registrations, authorizations and permissions are in full force and effect.

(d) The Seller Parties have not and, to the Knowledge of the Seller Parties, each Counterparty has not received any written communication from any Governmental Authority alleging any failure of the Seller Parties or each Counterparty to materially comply with any Applicable Laws, including any terms or requirements of any Regulatory Approval and, to the Knowledge of the Seller, there are no facts or circumstances that are reasonably likely to give rise to any revocation, withdrawal, suspension, hold or clinical hold, cancellation, limitation, termination or adverse modification of any Regulatory Approval.

(e) To the Knowledge of the Seller Parties, none of the officers, directors, or employees of the Seller Parties, its Affiliates or a Counterparty involved in any Product Application and related preclinical or clinical studies, has been:

(i) convicted of any crime or engaged in any conduct for which debarment or suspension is authorized by 21 U.S.C. § 335a nor, to the Knowledge of the Seller Parties, are any debarment proceedings or investigations pending or threatened against the Seller Parties, their Affiliates or a Counterparty or any of their respective officers, employees or agents;

(ii) charged, named in a complaint, convicted, or otherwise found liable in any proceeding that falls within the ambit of 21 U.S.C. § 331, 21 U.S.C. § 333, 21 U.S.C. § 334, 21 U.S.C. § 335a, 21 U.S.C. § 335b, 42 U.S.C. § 1320a - 7, 31 U.S.C. §§ 3729 – 3733, 42 U.S.C. § 1320a-7a, or any other Applicable Law; or

(iii) disqualified or deemed ineligible pursuant to 21 C.F.R. §312.70 or otherwise restricted, in whole or in part, or subject to an assurance.

(f) To the Knowledge of the Seller Parties, none of the officers, directors, employees, Affiliates or Counterparties of the Seller Parties or any of their agents or consultants has (A) made an untrue statement of fact or fraudulent statement to any Regulatory Agency or failed to disclose a fact required to be disclosed to a Regulatory Agency; or (B) committed an act, made a statement, or failed to make a statement that would reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Regulation 46191 (September 10, 1991).

(g) All applications, notifications, submissions, information, claims, reports and statistics and other data and conclusions derived therefrom, utilized as the basis for or submitted in connection with any and all requests for Regulatory Approval from the FDA or other Governmental Authority for Covered Products, when submitted to the FDA or other Governmental Authority were true, complete and correct in all respects as of the date of submission or any necessary or required updates, changes, corrections or modifications to such applications, submissions, information and data have been submitted to the FDA or other Governmental Authority.

(h) All preclinical and clinical trials conducted by or on behalf of the Seller Parties and their Affiliates, the results of which have been submitted to any Governmental Authority, including the FDA and its counterparts worldwide, in connection with any request for a Regulatory Approval, are being or have been conducted in compliance in all respects with all Applicable Laws.

(i) All Covered Products and, to the Knowledge of the Seller Parties, all Covered Products, have been researched, studied, developed, formulated, processed, engineered, manufactured, tested, used, marketed, promoted, sold, offered for sale, stored, imported, transported and held, in all respects in accordance with all permits, licenses, registrations, permissions, authorizations, Regulatory Approvals and Applicable Laws.

(j) Neither Seller Party nor any Affiliate have received any written notice from a Governmental Authority that such Governmental Authority, including without limitation the FDA, the Office of the Inspector General of the United States Department of Health and Human Services or the United States Department of Justice has commenced or threatened to initiate any action against the Seller Parties or an Affiliate, any action to enjoin a Seller Party, its respective officers, directors, employees, agents and Affiliates from conducting its business at any facility owned or used by it, or any action for any material civil penalty, injunction, seizure or criminal action.

(k) Neither Seller Party nor any Affiliate or, to the Knowledge of the Seller Parties, any Counterparty have received from the FDA, a Warning Letter, Form FDA-483, "Untitled Letter," written notice of an investigation, request for corrective or remedial action, written notice of other adverse finding or similar written correspondence or written notice alleging violations of Applicable Laws enforced by the FDA or any comparable written correspondence from any other Governmental Authority, in each case, with regard to any Covered Product or the research, study, development, formulation, processing, engineering, manufacture, testing, packaging, labeling, storage, handling, holding, import, transport, distribution, use, sale, offer for sale, marketing or promotion thereof. No Covered Product has been subject to any import detention or refusal by the FDA or other similar Governmental Authority or any safety alert issued by the FDA or other similar Governmental Authority.

(l) Neither the Seller Parties, any Affiliate or, to the Knowledge of the Seller Parties, any Counterparty, nor any Person providing services to the Seller Parties have received any written notice from the FDA, any other Governmental Authority, any Institutional Review Board ("IRB"), or other Person or board responsible for the oversight or conduct of any pre-clinical studies, animal studies, and clinical trials concerning a Covered Product, (collectively "Studies") requiring or threatening the termination, suspension, material modification or restriction, delay, or clinical hold of, or otherwise rejecting any Study that was, is planned to be, or is being conducted. All Studies were and, if still pending, are being conducted in all material respects in accordance with all Applicable Laws, good clinical practices, good laboratory practices, human subject protections, the protocols, procedures and controls designed and approved for such Studies, professional medical and scientific standards, and in accordance with any requirement of an IRB or other Person or board responsible for review of such Studies.

(m) All human clinical trials conducted by or on behalf of Seller Parties that are intended to be submitted to Governmental Authorities to support regulatory approval of the Covered Products are conducted in compliance in all material respects with applicable regulations and guidance, and all Applicable Laws relating to protection of human subjects, including those contained in 21 CFR Parts 50, 54, 56 and 312. All required approvals and authorizations for clinical trials to proceed have been obtained from an appropriate IRB, and informed consent has been obtained from all subjects enrolled in the studies, in compliance with Applicable Laws.

(n) Except as disclosed on Section 3.12(n) of the Disclosure Schedule, the Seller Parties nor any Affiliate or, to the Knowledge of the Seller Parties, any Counterparty have received or otherwise learned of any complaints, information, or adverse drug experience reports related to a Covered Product that would reasonably have a Material Adverse Effect on the Seller Parties or a Covered Product, or that would reasonably prevent the receipt of a Regulatory Approval.

(o) Except to the extent not required to be conducted in accordance with GMP, all manufacturing operations and the manufacture of any Covered Products by, or on behalf of, the Seller Parties are being conducted and have been conducted in material compliance with Applicable Laws and in accordance with GMP. The processes used to produce the Covered Products are adequate to ensure that the Covered Products will conform to the specifications established therefor at the time of production. Seller Parties have not received any material written complaints about the Covered Products. Seller has not conducted any recalls of the Covered Products.

Section 3.13 Material Contracts.

(a) Section 3.13(a) of the Disclosure Schedule sets forth all Material Contracts.

(b) Except for the Material Contracts, (i) there are no In-Licenses or Out-Licenses and (ii) there are no other contracts, agreements or other arrangements (whether written or oral) to which the Seller Parties or any of their Subsidiaries is a party or by which any of their respective assets or properties is bound or committed pursuant to which the Seller Parties or any of their Subsidiaries has rights under any patent or intellectual property rights of any Third Party that are material to the Exploitation of the Covered Products.

(c) Each of the Material Contracts is in full force and effect and is the legal, valid and binding obligation of the Seller and, to the Knowledge of the Seller, the Counterparties, enforceable against the Seller and, to the Knowledge of the Seller, the Counterparties in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to or affecting creditors' rights generally, general equitable principles and principles of public policy. The Seller is not in breach or violation of or in default under any of the Material Contracts. There is no event or circumstance that, upon notice or the passage of time, or both, would constitute or give rise to any breach or default in the performance of any of the Material Contracts by the Seller or, to the Knowledge of the Seller, the Counterparties.

(d) The Seller Parties have not waived any rights or defaults under the Material Contracts or released the Counterparties, in whole or in part, from any of its obligations under any of the Material Contracts. There are no oral waivers or modifications (or pending requests therefor) in respect of any of the Material Contracts. Neither the Seller nor the applicable Counterparty has agreed to amend or waive any provision of the Material Contracts, and the Seller has not received or submitted any proposal to do so.

(e) No event has occurred that would give the Seller or, to the Knowledge of the Seller, the applicable Counterparty, the right to terminate the applicable Material Contract. The Seller has not received any notice of an intention by a Counterparty to terminate or breach any of the Material Contracts, in whole or in part, or challenging the validity or enforceability of any of the Material Contracts, or alleging that the Seller or a Counterparty is currently in default of its obligations under any of a Material Contract. To the Knowledge of the Seller, there is and has been no default, violation or breach of a Counterparty under any of the Material Contracts.

Section 3.14 UCC Matters. The Seller Parent's exact legal name is, "Channel Therapeutics Corporation". On or subsequent to the Closing Date, Seller Parent intends to file with the Secretary of State of the State of Nevada a Certificate of Amendment to the Articles of Incorporation of Seller Parent to change its name to "Pelthos Therapeutics, Inc." The Seller Parent's principal place of business is, and since formation has been, located in the State of New Jersey. The Seller Parent's jurisdiction of formation is the State of Nevada. The Seller's exact legal name is, and since formation has been, "Channel Pharmaceutical Corporation". The Seller's principal place of business is, and since formation has been, located in the State of North Carolina. The Seller's jurisdiction of formation is, and since formation has been, the State of Nevada.

Section 3.15 Margin Stock. The Seller Parties are not engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no portion of the Purchase Price shall be used by the Seller for a purpose that violates Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser, severally and not jointly, and only with respect to itself, hereby represents and warrants to the Seller Parties as follows:

Section 4.1 Organization. Each Purchaser is a corporation, limited liability company or limited partnership, as applicable, duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation, as applicable.

Section 4.2 No Conflicts. The execution and delivery by such Purchaser of any of the Transaction Documents to which such Purchaser is a party, the performance by such Purchaser of its obligations hereunder or thereunder or the consummation by such Purchaser of the transactions contemplated hereby or thereby will not (i) contravene, conflict with or violate any term or provision of any of the organizational documents of such Purchasers, (ii) contravene, conflict with or violate, or give any Governmental Authority or other Person the right to exercise any remedy or obtain any relief under, in any material respect, any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to which such Purchaser or any of its assets or properties may be subject or bound or (iii) result in a breach or violation of, constitute a default (with or without notice or lapse of time, or both) under, or give any Person any right to exercise any remedy, or accelerate the maturity or performance of, in any material respect, any contract, agreement, indenture, lease, license, deed, commitment, obligation or instrument to which such Purchaser is a party or by which such Purchaser or any of its assets or properties is bound or committed.

Section 4.3 Authorization. Such Purchaser has all necessary corporate power and authority to execute and deliver the Transaction Documents to which such Purchaser is a party, to perform their obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which such Purchaser is a party and the performance by such Purchaser of its obligations hereunder and thereunder have been duly authorized by such Purchaser. Each of the Transaction Documents to which such Purchasers is a party has been duly executed and delivered by such Purchaser. Each of the Transaction Documents to which such Purchaser is a party constitutes the legal, valid and binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and general equitable principles.

ARTICLE V
COVENANTS

The Parties covenant and agree as follows:

Section 5.1 Books and Records; Notices.

(a) The Seller shall keep and maintain, or cause to be kept and maintained, at all times, full and accurate books and records adequate to reflect accurately (i) all financial information received and all amounts paid or received in respect of Net Sales of the Covered Products, (ii) all material information (financial and otherwise) in respect of the Exploitation of the Covered Products and the Covered Product Revenue Payments, and (iii) the status of the Seller Parties' efforts pursuant to the Product Development Plan.

(b) On or prior to each Royalty Payment Date, the Seller shall prepare and deliver a report to the Purchasers (the "Royalty Report") setting forth in reasonable detail:

(i) the calculation of Net Sales for the applicable calendar quarter and calendar year to date, on a country-by-country basis within the Territory;

(ii) the calculation of Purchased Receivables for the applicable calendar quarter and calendar year to date, on a country-by-country basis within the Territory;

(iii) for the applicable calendar quarter and calendar year to date, on a Product-by-Product and country-by-country basis within the Territory, of each Covered Product sold by the Seller, its Affiliates and distributors;

(iv) for the applicable calendar quarter and calendar year to date, the calculation of the Covered Product Revenue Payments payable to each Purchaser; and

(v) with respect to the Covered Products, on a Product-by-Product and country-by-country basis within the Territory, the foreign currency exchange rate used to calculate the Covered Product Revenue Payment (which shall be the rate of exchange determined in a manner consistent with the Seller's method for calculating rates of exchange in preparation of the Seller Parent's annual financial statements in accordance with GAAP).

(c) In addition to the quarterly Royalty Reports to be delivered to the Purchasers pursuant to Section 5.1(b), the Seller shall deliver to the Purchasers, on a quarterly basis, written reports (i) stating (A) the number, description and aggregate selling prices of Covered Products sold or otherwise disposed of, and deductions taken, during such applicable periods (and, to the extent applicable, adjustments and corrections from prior periods), including, for such purposes, statements of unit volume shipped and gross and net unit price(s) paid by purchasers of the Covered Product and (B) the Net Sales derived therefrom, and (ii) including a report from a Third Party Analyst of (A) total prescriptions, new prescriptions and estimated end user sales resulting from sales of the Covered Product during such applicable periods and (B) such other additional reporting requirements and information as are reasonably requested by the Purchasers (the foregoing (i) and (ii), collectively, the "Progress Reports"). Progress Reports shall be delivered by Seller to the Purchasers on the date that is the earliest to occur of (x) the date that is 15 days after the end of such calendar quarter and (y) the date that the royalty payment due for such calendar quarter is made by Seller. The costs and expenses incurred by Seller in connection with the preparation and delivery of the Progress Reports shall be the sole responsibility of Seller.

(d) Within five Business Days after receipt by the Seller Parties of (i) (x) notice of the commencement by any Third Party of, or (y) written notice from any Third Party threatening to commence, in either case any action, suit, arbitration proceeding, claim, demand, investigation or other proceeding relating to this Agreement, any of the other Transaction Documents, any Material Contract, any transaction contemplated hereby or thereby or the Purchased Receivables (in any case other than any notice contemplated in Section 5.1(e)), or (ii) any other correspondence relating to the foregoing, the Seller Parties shall (A) notify the Purchasers in writing of the receipt of such notice or correspondence and (B) provide the Purchasers with a written summary of all material details thereof or, to the extent not prohibited by obligations of confidentiality contained in the Material Contracts, respectively, if such notice is in writing, furnish the Purchasers with a copy thereof and any materials reasonably related thereto.

(e) Within five Business Days after receipt by the Seller Parties of any material written notice, certificate, offer, proposal, correspondence, report or other communication from the applicable Counterparty relating to any Material Contract, the Intellectual Property Rights, the Purchased Receivables, any Covered Product in the Territory, the Material Contracts (in any case, other than any notice contemplated by Section 5.1(b) or Section 5.1(e)), the Seller Parties shall (i) notify the Purchasers in writing of the receipt thereof and provide the Purchasers with written summaries of all material details thereof and (ii) to the extent not prohibited by obligations of confidentiality contained in a Material Contract, respectively, furnish the Purchasers with copies thereof.

(f) The Seller Parties shall provide the Purchasers with written notice within five Business Days after obtaining Knowledge of any of the following:

(i) the occurrence of any Bankruptcy Event in respect of the Seller Parties;

(ii) any material breach or default by the Seller Parties of or under any material covenant, agreement or other provision of any Transaction Document;

(iii) the Seller Parties, any Affiliate, any Counterparty or any other Third Party receiving any notice of audit or regulatory action by a Governmental Authority in the Territory impacting in any material respect any of the Covered Products or the timing, amount or duration of the Purchased Receivables;

(iv) any representation or warranty made by the Seller Parties in this Agreement or any of the other Transaction Documents (or in any certificate delivered by the Seller Parties to the Purchasers pursuant to this Agreement) shall prove to be untrue, inaccurate or incomplete in any material respect on the date as of which made; or

(v) the occurrence or existence of any change, effect, event, occurrence, state of facts, development or condition that has had, or would reasonably be expected to have, a Material Adverse Effect.

(g) The Seller Parties shall notify the Purchasers in writing upon any change in, or amendment or alteration of, the Seller Parties' (i) legal name, (ii) form or type of organizational structure or (iii) jurisdiction of organization.

(h) The Seller Parties shall notify the Purchasers in writing not more than thirty days after becoming aware that any Tax may be required to be withheld with respect to any payment to the Purchasers pursuant to the Agreement.

(i) Notwithstanding anything to the contrary in this Section 5.1, the Seller shall not provide any information or report required by Section 5.1 to NRV to the extent such report or information includes information considered to be Material Nonpublic Information at the time of delivery. In such event, the Seller shall (x) provide notice to NRV of the existence of Material Nonpublic Information in a report or information to be provided and (y) instead provide a redacted report which does not contain Material Nonpublic Information and delay delivery of the unredacted report until following the filing of the Seller's current, quarterly or annual reports with the SEC. NRV can waive compliance with this Section 5.1(i) at any time (and from time to time) upon written notice or request (email is sufficient) at any time, and in such case receive the information or reports required by Section 5.1 in unredacted form at the time periods contemplated herein.

Section 5.2 Public Announcement. No Party shall, and each Party shall cause its Affiliates not to, without the prior written consent of the other Parties (which consent shall not be unreasonably withheld or delayed), issue any press release or make any other public disclosure with respect to this Agreement or any of the other Transaction Documents or any of the transactions contemplated hereby or thereby, except if and to the extent that any such release or disclosure is required by Applicable Law, by the rules and regulations of any securities exchange or market on which any security of such Party may be listed or traded or by any Governmental Authority of competent jurisdiction, in which case, the Party proposing to issue such press release or make such public disclosure shall, to the extent reasonably practicable, (a) provide to the other Parties a copy of such proposed release or disclosure and (b) consider in good faith any comments or changes that the other Party may propose or suggest; provided that a Party may freely make any public disclosure identical to a disclosure previously reviewed by the other Party in accordance with the foregoing clauses (a) and (b). Notwithstanding the foregoing, the Purchasers understand and agree that the Seller Parent intends to file with the SEC a Current Report on Form 8-K shortly following Closing (the "Closing 8-K") describing the material terms of the transactions contemplated by this Agreement and the other Transaction Documents and some or all of the Transaction Documents as exhibits thereto or to another filing with the SEC, provided, that the Seller shall (x) provide to the Purchasers a draft of the Closing 8-K and any future SEC filings that materially change the description of the transactions contained herein from that which is in the Closing 8-K, (y) consider in good faith any comments or changes that the Purchasers may propose or suggest and (z) except to the extent required by Applicable Law, Seller Parent may redact from the public disclosure as Confidential Information all financial and economic terms and all exhibits and schedules attached hereto including the Product Development Plan, and confidential information regarding the strategies and other plans of the Seller Parties for the Exploitation of the Covered Product. The Seller Parties and the Purchasers shall jointly prepare a press release for dissemination promptly following the Closing, such press release to be agreed upon by the Majority in Interest and the Seller.

Section 5.3 Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each Party shall use commercially reasonable efforts to execute and deliver such other documents, certificates, instruments, agreements and other writings, take such other actions and perform such additional acts under Applicable Law as may be reasonably requested by the other Party and necessary to implement expeditiously the transactions contemplated by, and to carry out the purposes and intent of the provisions of, this Agreement and the other Transaction Documents, including to (i) perfect the sale, contribution, assignment, transfer, conveyance and granting of the Purchased Receivables to the Purchasers pursuant to this Agreement, (ii) perfect, protect, more fully evidence, vest and maintain in the Purchasers good, valid and marketable rights and interests in and to the Purchased Receivables free and clear of all Liens (other than Liens under the Transaction Documents), (iii) create, evidence and perfect the Purchasers' back-up security interest granted pursuant to Section 2.1(d), and (iv) enable the Purchasers to exercise or enforce any of the Purchasers' rights under any Transaction Document to which a Purchaser is a party.

(b) The Seller Parties and the Purchasers shall cooperate and provide assistance as reasonably requested by any other Party, at the expense of such other Party (except as otherwise set forth herein), in connection with any litigation, arbitration, investigation or other proceeding (whether threatened, existing, initiated or contemplated prior to, on or after the Closing Date) to which the other Party, any of its Affiliates or controlling persons or any of their respective officers, directors, managers, employees or controlling persons is or may become a party or is or may become otherwise directly or indirectly affected or as to which any such Persons have a direct or indirect interest, in each case relating to any Transaction Document, the transactions contemplated hereby or thereby or the Purchased Receivables, but in all cases excluding any litigation brought by the Seller Parties (for themselves or on behalf of any Seller Indemnified Party) against the Purchasers or brought by the Purchasers (in each case, for themselves or on behalf of any Purchaser Indemnified Party) against the Seller Parties.

(c) Each Seller Party shall use its commercially reasonable efforts to comply in all material respects with all Applicable Laws with respect to the Transaction Documents and the Purchased Receivables, except where compliance therewith is being contested by the Seller in good faith by appropriate proceedings.

(d) The Seller Parties shall not enter into any contract, agreement or other legally binding arrangement (whether written or oral), or grant any right to any other Person, in any case that would reasonably be expected to conflict with the Transaction Documents or serve or operate to limit, circumscribe or alter any of the Purchasers' rights under the Transaction Documents (or the Purchasers' ability to exercise any such rights).

Section 5.4 Patent Prosecution, Enforcement and Defense.

(a) The Seller Parties shall, at the Seller's expense, take any and all actions, and prepare, execute, deliver and file any and all agreements, documents and instruments, that are reasonably necessary to diligently preserve and maintain the applicable Intellectual Property Rights, including payment of maintenance fees or annuities. In connection with any actions or decisions by the Seller not to act in respect of matters contemplated by the foregoing sentence, the Seller shall provide advance written notice of all such actions or decisions not to act in order to consult with the Purchasers, and the Seller shall, in good faith, give due consideration to any reasonable suggestions of, the Purchasers.

(b) The Seller Parties shall, at the Seller's expense, (i) diligently defend and enforce the applicable Intellectual Property Rights against infringement or interference by any other Person, and against any claims of invalidity or unenforceability, in any jurisdiction (including by bringing any legal action for infringement or defending any counterclaim of invalidity or action of any other Person for declaratory judgment of non-infringement or non-interference) and (ii) when available and material in respect of any applicable Covered Product, obtain patents and any corrections, substitutions, reissues and reexaminations thereof and obtain patent term extensions and any other forms of patent term restoration. In connection with the Seller's actions or decisions not to act in respect of matters contemplated by the foregoing sentence, the Seller shall provide advance written notice of all such actions or decisions not to act in order to consult with the Purchasers, if applicable, and, if applicable, allow the Purchasers sufficient time to issue instructions. The Seller shall promptly (but in any event within five Business Days) provide to the Purchasers a copy of any written notice or other documentation received in connection with any such legal action, suit or other proceeding.

(c) To the extent the Seller enters into any license agreements with respect to the Covered Products, the Seller shall, except to the extent prohibited by obligations of confidentiality contained in such license agreements, promptly (but in any event within five Business Days) after receipt thereof, provide to the Purchasers copies of all substantive written notices or other documentation relating to the patentability, enforceability, validity, scope or term of the Patents, and shall provide the Purchasers with copies of drafts of any written material proposed to be filed in response thereto.

(d) The Seller shall promptly (but in any event within five Business Days) after receipt thereof, provide to the Purchasers copies of all substantive written notices or other documentation relating to the patentability, enforceability, validity, scope or term of the Patents, and shall provide the Purchasers with copies of drafts of any written material proposed to be filed in response thereto.

(e) The Seller Parties shall not disclaim or abandon, or fail to take any Commercially Reasonable Action necessary or desirable to prevent the disclaimer or abandonment of, any material Intellectual Property Rights.

(f) The Parties shall bear their own costs and expenses in connection with the actions pursuant to this Section 5.4.

Section 5.5 Inspections and Audits of the Seller Parties. Following the date hereof, upon at least five Business Days' written notice and during normal business hours, no more frequently than once per calendar year, the Majority in Interest may cause an inspection and/or audit by an independent public accounting firm to be made of the Seller Parties' books of account for the three calendar years prior to the audit for the purpose of determining the correctness of the calculation of the Covered Product Revenue Payments under this Agreement; provided, however, that no calendar year may be subject to more than one audit unless Specified Breach Event has occurred and is continuing. Upon the Majority in Interest's reasonable request, no more frequently than once per calendar year while any Out-License remains in effect, the Seller Parties shall use Commercially Reasonable Efforts to exercise any rights they may have under any Out-License relating to a Covered Product to cause an inspection and/or audit by an independent public accounting firm to be made of the books of account of any counterparty thereto for the purpose of determining the correctness of the calculation of the Covered Product Revenue Payments under this Agreement. The Seller Parties shall promptly notify the Purchasers in writing if they initiate an inspection and/or audit of the books of accounts of any counterparty to an Out-License to the extent such inspection and/or audit is related to the Covered Product Revenue Payments, and shall provide to the Purchasers copies of any report relating thereto within five Business Days of receipt thereof, which copy may be redacted; provided that any redactions to such report shall not include any information necessary to determine the correctness of the calculation of the Covered Product Revenue Payments made under this Agreement. All of the out-of-pocket expenses of any inspection or audit requested by the Majority in Interest hereunder (including the fees and expenses of such independent public accounting firm designated for such purpose) otherwise payable by the Seller Parties shall be borne solely by the Purchasers, unless the independent public accounting firm determines that Covered Product Revenue Payments previously paid to the Purchasers during the period of the audit were underpaid by an amount greater than five percent of the Covered Product Revenue Payments actually paid during such period, in which case such expenses shall be borne by the Seller Parties. Any such accounting firm or company shall not disclose the confidential information of the Seller Parties or any such licensee relating to a Covered Product to the Purchasers, except to the extent such disclosure is necessary to determine the correctness of Covered Product Revenue Payments or otherwise would be included in a Royalty Report. All information obtained by the Purchasers as a result of any such inspection or audit shall be Confidential Information subject to ARTICLE VIII. If any audit discloses any underpayments by the Seller Parties to the Purchasers, then such underpayment, together with the late fees contemplated by Section 2.3(b), shall be paid by the Seller Parties to the Purchasers (in the same manner as provided in Section 2.3(a)) within 30 calendar days of such underpayment being so disclosed. If any audit discloses any overpayments by the Seller Parties to the Purchasers, then the Seller Parties shall have the right to credit the amount of the overpayment against each subsequent quarterly Covered Product Revenue Payment due to the Purchasers until the overpayment has been fully applied.

Section 5.6 Diligence. The Seller Parties shall use Commercially Reasonable Efforts to, and shall cause its Affiliates and Counterparties to, (i) complete the material activities outlined in the Product Development Plan in the timeframes set forth therein and (ii) prepare, execute, deliver and file any and all agreements, documents or instruments that are necessary or desirable to secure and maintain Regulatory Approval for the Covered Products in the Territory. The Seller Parties shall not withdraw or abandon, or fail to take any action necessary to prevent the withdrawal or abandonment of, any Regulatory Approval once obtained. Following receipt of Regulatory Approval in any country, the Seller Parties shall use Commercially Reasonable Efforts to Exploit the Covered Products in each such country. The Seller shall maintain, and cause its Affiliates to maintain, compliance in all material respects with all Applicable Laws and all Regulatory Approvals. The Seller shall have the right to amend, modify or change the Product Development Plan from time to time in its sole discretion; provided, however, that notwithstanding the foregoing with respect to any material amendments, modifications or changes to the Product Development Plan, the Seller Parties shall (i) provide notice to the Purchasers of such changes, (ii) consult with the Purchasers as to the nature and reasoning behind such changes, (iii) consider in good faith any comments made by the Purchasers and (iv) ultimately make such changes in good faith and in a manner consistent with the Seller's obligations under this Section 5.6, including the exercise of Commercially Reasonable Efforts.

Section 5.7 Tax Matters.

(a) All payments to the Purchasers under this Agreement shall be made without any deduction or withholding for or on account of any Tax unless required by Applicable Law; provided that if any deduction or withholding for or on account of the Purchaser Indemnified Tax is required by Applicable Law to be made, and is made, by any applicable withholding agent in respect of any payment to a Purchaser under this Agreement or to Seller (or its Affiliates) that are attributable to the Purchased Receivables, then the Seller shall, within five Business Days after such deduction or withholding is made, make a payment to such Purchaser so that, after all such required deductions and withholdings are made by any applicable withholding agent (including any deductions and withholdings required with respect to any additional payments under this Section 5.7(a)), such Purchaser receives an amount equal to the amount that they would have received had no withholding of the Purchaser Indemnified Taxes been made.

(b) The Parties agree not to take any position that is inconsistent with the provisions of Section 2.1(b) on any Tax return unless required by Applicable Law or final determination within the meaning of Section 1313 of the Code. If there is an inquiry by any Governmental Authority of the Seller or the Purchasers related to Tax matters in respect of this Agreement, the Parties shall cooperate with each other in responding to such inquiry in a commercially reasonable manner.

Section 5.8 Existence. Each Seller Party shall (a) preserve and maintain its existence (provided, however, that nothing in this Section 5.8 shall prohibit the Seller Parties from entering into any merger or consolidation), (b) preserve and maintain its rights, franchises and privileges unless failure to do any of the foregoing would not reasonably be expected to have a Material Adverse Effect, (c) qualify and remain qualified in good standing in each jurisdiction where the failure to preserve and maintain such qualifications would reasonably be expected to have a Material Adverse Effect, including appointing and employing such agents or attorneys in each jurisdiction where it shall be necessary to take action under this Agreement, and (d) comply with its organizational documents, except, in the case of this clause (d), for any non-compliance that would not reasonably be expected to have a Material Adverse Effect. The Purchasers acknowledge and agree (to the maximum extent permitted under Applicable Law), that the Purchasers shall not, and shall not cause any other Person to, petition for the bankruptcy of the Seller Parties.

Section 5.9 Additional Sales; Liens.

(a) The Seller Parties shall not create, incur, sell, issue, assume, enforce or suffer to exist any additional revenue interests (or similar economic equivalents) with respect to Net Sales of the Covered Products unless such additional revenue interests (or such economic equivalents) are subordinated to the Purchased Receivables as to payment, security and enforcement. For the avoidance of doubt, subject to compliance with this Section 5.9(a), the Seller Parties may create, incur, sell, issue, assume, enforce or suffer to exist any additional revenue interests (or similar economic equivalents) with respect to Net Sales of the Covered Products without the consent of the Majority in Interest.

(b) Except as permitted pursuant to Section 5.12 (Out-Licenses for Covered Products), the Seller Parties shall not transfer, encumber or grant any Lien on the Intellectual Property Rights in the Territory without the consent of the Majority in Interest.

Section 5.10 Change of Control; Product Transaction.

(a) Notwithstanding anything to the contrary in this Agreement, in no event shall a Seller Party be a party to a Change of Control where such Seller Party is not the surviving Person, unless the surviving Person to such Change of Control expressly assumes all the obligations of the applicable Seller Party under the Transaction Documents to which such Seller Party is party, in which case such surviving Person shall succeed to, and be substituted for, such Seller Party under the Transaction Documents to which such Seller Party is party and such Seller Party shall automatically be released and discharged from its obligations under the Transaction Documents to which such Seller Party is party.

(b) Notwithstanding anything to the contrary in this Agreement, in no event shall a Seller Party be a party to a Product Transaction, unless the acquirer or similar counterparty in such Product Transaction expressly agrees in writing to be bound by the applicable provisions of the Transaction Documents to the extent applicable to the rights and obligations conveyed under such Product Transaction. In the event of Product Transaction resulting in the full assignment of all rights and obligations of the Seller Party under the Transaction Documents, the acquirer or similar counterparty shall succeed to, and be substituted for, such Seller Party under the Transaction Documents to which such Seller Party is party.

Section 5.11 Material Contracts. The Seller shall comply in all material respects with its obligations under the Material Contracts and shall not take any action or forego any action that would reasonably be expected to result in a material breach thereof. Promptly, and in any event within ten Business Days, after receipt of any written or oral notice by the Seller or any of its Affiliates with respect to an alleged material breach under any Material Contract, the Seller shall provide the Purchasers copies (or, in the case of oral notices, written summaries) thereof. The Seller shall use its Commercially Reasonable Efforts to cure any material breaches by it under any Material Contract and shall give written notice to the Purchasers upon curing any such breach. The Seller shall provide the Purchasers with written notice following (and in any event within five Business Days of) becoming aware of a Counterparty's material breach of its obligations under any Material Contract. The Seller shall not terminate any Material Contract. Promptly, and in any event within ten Business Days following the Seller's notice to a Counterparty to any Material Contract of an alleged breach by such Counterparty under any such Material Contract, the Seller shall provide the Purchasers copies thereof.

Section 5.12 Out-Licenses for Covered Products. With respect to Covered Products, the Seller may enter into Out-Licenses without the Majority in Interest's prior written consent; provided that with respect to each such Out-License, (i) such Out-License constitutes an arms-length transaction to a Third Party, which includes an obligation of the Third Party contractually to use Commercially Reasonable Efforts in the performance of the arrangement and (ii) the Seller delivers to the Majority in Interest a copy of the final executed Out-License promptly upon consummation thereof, subject to reasonable redaction to comply with obligations of confidentiality.

ARTICLE VI
THE CLOSING

Section 6.1 Closing. The closing of the transactions contemplated hereby (the "Closing") shall take place at 9:00 a.m., Eastern Standard Time on the date hereof (the "Closing Date") by electronic exchange of signatures, or on such other date, at such other time or at such other place, in each case as the Parties mutually agree.

Section 6.2 Closing Deliverables of the Seller Parties. At the Closing, the Seller Parties shall deliver or cause to be delivered to the Purchasers the following:

(a) a counterpart signature page to the Closing Date Bill of Sale, duly executed by the Seller;

(b) an opinion of Sullivan & Worcester LLP, counsel to the Seller Parties, in form and substance reasonably satisfactory to the Purchasers;

(c) a duly executed certificate of an executive officer of the Seller Parties dated as of the Closing Date and (i) attaching copies, certified by such officer as true and complete, of (x) the organizational documents of the Seller Parties and (y) resolutions of the governing body of the Seller Parties authorizing and approving the execution, delivery and performance by the Seller Parties of the Transaction Documents and the transactions contemplated hereby and thereby, (ii) setting forth the incumbency of the officer or officers of the Seller Parties who have executed and delivered the Transaction Documents, including therein a signature specimen of each such officer or officers and (iii) attaching a copy, certified by such officer as true and complete, of a good standing certificate of the appropriate Governmental Authority of the Seller Parties' jurisdictions of organization, stating that the Seller Parties are in good standing under the laws of such jurisdictions;

(d) UCC-1 financing statements to evidence and perfect the sale, assignment, transfer, conveyance and grant of the Purchased Receivables pursuant to Section 2.1 and the back-up security interest granted pursuant to Section 2.1(d); and

(e) duly executed IRS Form W-9s from the Seller certifying that the Seller is a United States person as defined in Section 7701(a)(30) of the Code and exempt from U.S. federal backup withholding.

Section 6.3 Closing Deliverables of the Purchasers. At the Closing, the Purchasers shall deliver or cause to be delivered to the Seller Parties the following:

(a) a counterpart signature page to the Closing Date Bill of Sale, duly executed by the Purchasers;

(b) the Closing Payment in accordance with Section 2.2; and

(c) a duly executed IRS Form W-9 from each of the Purchasers certifying they are United States persons as defined in Section 7701(a)(30) of the Code and exempt from U.S. federal backup withholding.

Section 6.4 Lockbox Account; Collection Account; Account Control Agreement.

(a) The Seller will establish the Lockbox Account within 30 days of the Closing Date for the purpose of depositing all payments to be made by any distributors and account debtors with respect to proceeds arising from sales of Covered Products or any other payments relating to Covered Products. The Seller will instruct all such distributors and account debtors (including any parties to an Out-License entered into pursuant to Section 5.12) to remit any amounts owed to the Seller in respect of the Covered Products to the Lockbox Account. To the extent any proceeds arising from sales of Covered Products or any other payments related to Covered Products are paid directly to the Seller, the Seller shall remit to the Lockbox Account all such amounts no less than quarterly.

(b) The Seller will establish the Collection Account within 30 days of the Closing Date and cause all funds on deposit in the Lockbox Account to be swept daily to the Collection Account. With respect to any amounts that are deposited in the Collection Account, so long as all payment obligations of any Seller Party to the Purchasers under this Agreement have been made, (i) a minimum of 8.5% of such amounts shall remain in the Collection Account until the Royalty Payment Date immediately following the date of such deposits and may not be transferred to any other account of the Seller and (ii) any remaining amounts may be disbursed to another account of the Seller from time to time at the direction of the Seller. On each Royalty Payment Date, the Seller shall instruct the Account Bank to disburse to the Purchasers an amount equal to the lesser of (x) the funds on deposit in the Collection Account and (y) the Covered Product Revenue Payments for such Royalty Payment Date. If the amount to be disbursed to the Purchasers on any Royalty Payment Date pursuant to the preceding sentence is less than the Covered Product Revenue Payments to which the Purchasers are entitled, the Seller shall pay the amount of such shortfall to the Purchasers on such Royalty Payment Date.

(c) If an Event of Default has occurred and is continuing, the Majority in Interest shall have the right to exercise all of the Purchasers' rights and remedies under Article VII and the Account Control Agreement.

(d) The Seller shall pay all fees, expenses and charges of the Account Bank pursuant to the terms of the Account Control Agreement by depositing sufficient funds into the Lockbox Account when such fees, charges and expenses are due. The Seller agrees that all Purchased Receivables deposited into the Lockbox Account are to be held in trust for the benefit of the Purchasers, and that the Seller disclaims and waives any claim or interest in such Purchased Receivables, so that the Purchasers may be assured of receiving the Purchased Receivables owned by the Purchasers.

(e) The Seller shall have no right to terminate the Lockbox Account or the Collection Account without the Majority in Interest's prior written consent.

ARTICLE VII
INDEMNIFICATION

Section 7.1 Indemnification by the Seller Parties. The Seller Parties jointly and severally agree to indemnify, defend and hold harmless the Purchasers and their respective Affiliates and any or all of their respective partners, directors, trustees, officers, managers, employees, members, agents and controlling persons (each, a "Purchaser Indemnified Party") harmless from and against, and will pay to the Purchaser Indemnified Party the amount of, any and all Losses awarded against or incurred or suffered by such Purchaser Indemnified Party, whether or not involving a Third Party Claim, arising out of or resulting from (a) any breach of any representation or warranty made by the Seller in any of the Transaction Documents or in any certificate delivered by the Seller to the Purchasers in writing pursuant to this Agreement, (b) any breach of or default under any covenant or agreement of the Seller in any of the Transaction Documents, (c) any Excluded Liabilities and Obligations, (d) any product liability claims relating to a Covered Product, (e) any claims of infringement or misappropriation of any Intellectual Property Rights by any Third Parties against the Purchasers or their Affiliates or (f) any brokerage or finder's fees or commissions or similar amounts incurred or owed by the Seller or any of its Affiliates to any brokers, financial advisors or comparable other Persons retained or employed by any of them in connection with the transactions contemplated by this Agreement. Any amounts due to the Purchaser Indemnified Party hereunder shall be payable by the Seller to the Purchaser Indemnified Party upon demand.

Section 7.2 Indemnification by the Purchasers. The Purchasers agree to indemnify and hold the Seller and its Affiliates and any or all of their respective partners, directors, officers, managers, members, employees, agents and controlling Persons (each, a "Seller Indemnified Party") harmless from and against, and will pay to each Seller Indemnified Party the amount of, any and all Losses awarded against or incurred or suffered by such Seller Indemnified Party, whether or not involving a Third Party Claim, arising out of (a) any breach of any representation or warranty made by the Purchasers in any of the Transaction Documents or any certificate delivered by the Purchasers to the Seller in writing pursuant to this Agreement, (b) any breach of or default under any covenant or agreement of the Purchasers in any Transaction Document to which the Purchasers are a party or (c) any brokerage or finder's fees or commissions or similar amounts incurred or owed by the Purchasers to any brokers, financial advisors or comparable other Persons retained or employed by it in connection with the transactions contemplated by this Agreement. Any amounts due to any Seller Indemnified Party hereunder shall be payable by the Purchasers to such Seller Indemnified Party upon demand.

Section 7.3 Claims. A claim by an indemnified party under this ARTICLE VII for any matter in respect of which such indemnified party would be entitled to indemnification hereunder may be made by delivering, in good faith, a written notice of demand to the indemnifying party, which notice shall contain (a) a description and the amount of any Losses incurred or suffered or reasonably expected to be incurred or suffered by the indemnified party, (b) a statement that the indemnified party is entitled to indemnification under this ARTICLE VII for such Losses and a reasonable explanation of the basis therefor, and (c) a demand for payment in the amount of such Losses. For all purposes of this Section 7.3, the Seller shall be entitled to deliver such notices of demand to the Purchasers on behalf of the Seller Indemnified Parties, and the Purchasers shall be entitled to deliver such notices of demand to the Seller on behalf of the Purchaser Indemnified Parties.

Section 7.4 Survival. All representations, warranties and covenants made in this Agreement, in any other Transaction Document or in any certificate delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing. The rights hereunder to indemnification, payment of Losses or other remedies based on any such representation, warranty or covenant shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time (whether before or after the execution and delivery of this Agreement or the Closing) in respect of the accuracy or inaccuracy of or compliance with, any such representation, warranty or covenant.

Section 7.5 Remedies. Except in the case of actual fraud, intentional misrepresentation, intentional wrongful acts, intentional breach, bad faith or willful misconduct and except as set forth in Section 10.1 or in the other Transaction Documents, (a) the indemnification afforded by this ARTICLE VII shall be the sole and exclusive remedy for any and all Losses awarded against or incurred or suffered by a Party in connection with any breach of any representation or warranty made by a Party in any of the Transaction Documents or any certificate delivered by a Party to the other Party in writing pursuant to this Agreement or any breach of or default under any covenant or agreement by a Party pursuant to any Transaction Document and (b) the Purchasers acknowledge and agree that the Purchasers, together with their Affiliates and representatives, has made its own investigation of the Purchased Receivables and the transactions contemplated by the Transaction Documents and is not relying on, and shall have no remedies in respect of, any implied warranties or upon any representation or warranty whatsoever as to the future amount or potential amount of the Purchased Receivables.

Section 7.6 Limitations. Neither any Seller Indemnified Party nor any Purchaser Indemnified Party shall have any liability for, or Losses be deemed to include, any special, punitive or exemplary damages, whether in contract or tort, regardless of whether the other Party shall be advised, shall have reason to know, or in fact shall know of the possibility of such damages suffered or incurred by any such Seller Indemnified Party or any such Purchaser Indemnified Party in connection with this Agreement any of the other Transaction Documents or any of the transactions contemplated hereby or thereby, except to the extent any such damages are actually paid to a Third Party in accordance with Section 7.3. Notwithstanding the foregoing, the limitations set forth in this Section 7.6 shall not apply to any claim for indemnification hereunder in the case of actual fraud, intentional misrepresentation, intentional wrongful acts, intentional breach, bad faith or willful misconduct. The Parties acknowledge and agree that (a) the Purchasers' Losses, if any, for any indemnifiable events under this Agreement will typically include Losses for Purchased Receivables that each Purchaser was entitled to receive in respect of its ownership of the Purchased Receivables but did not receive timely or at all due to such indemnifiable event and (b) subject to this Section 7.6, each Purchaser shall be entitled to make indemnification claims for all such missing or delayed Purchased Receivables that such Purchaser was entitled to receive in respect of its ownership of the Purchased Receivables as Losses hereunder (which claims shall be reviewed and assessed by the Parties in accordance with the procedures set forth in this ARTICLE VII), and such missing or delayed Purchased Receivables shall not be deemed special, punitive or exemplary damages for any purpose of this Agreement.

Section 7.7 Tax Treatment of Indemnification Payments. For all purposes hereunder, any indemnification payments made pursuant to this ARTICLE VII will be treated as an adjustment to the Purchase Price for all Tax purposes to the fullest extent permitted by Applicable Law.

ARTICLE VIII
CONFIDENTIALITY

Section 8.1 Confidentiality. Except as provided in this ARTICLE VIII or otherwise agreed in writing by the Parties, the Parties agree that, during the term of this Agreement and until the tenth anniversary of the date of termination of this Agreement, each Party (the "Receiving Party") shall keep confidential, and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement (which includes the exercise of any rights or the performance of any obligations hereunder), any information (whether written or oral, or in electronic or other form) furnished to it by or on behalf of the other Party (the "Disclosing Party") pursuant to this Agreement, including the terms of this Agreement (such information, "Confidential Information" of the Disclosing Party), except for that portion of such information that:

(a) was already in the Receiving Party's possession on a non-confidential basis prior to its disclosure to it by the Disclosing Party, or becomes known to the Receiving Party from a source other than the Disclosing Party and its representatives without any breach of this Agreement, in each case as evidenced by written records (provided that if such information was disclosed to the Receiving Party on a non-confidential basis by a source that is not the Disclosing Party, such source to the knowledge of the Receiving Party had the right to disclose such information to the Receiving Party without any legal, contractual or fiduciary obligation to, any person with respect to such information);

(b) is or becomes generally available to the public other than as a result of an act or omission by the Receiving Party or its Affiliates in breach of this Agreement; or

(c) was independently developed by the Receiving Party, as evidenced by written records, without use of or reference to the Confidential Information or in violation of the terms of this Agreement.

Section 8.2 Permitted Disclosure. In the event that the Receiving Party or its Affiliates or any of its or its Affiliates' representatives are requested by a governmental or regulatory authority or required by Applicable Law, regulation or legal process (including the regulations of a stock exchange or governmental or regulatory authority or the order or ruling of a court, administrative agency or other government or regulatory body of competent jurisdiction) to disclose any Confidential Information, the Receiving Party shall promptly, to the extent permitted by Applicable Law, notify the Disclosing Party in writing of such request or requirement so that the Disclosing Party may seek an appropriate protective order or other appropriate remedy (and if the Disclosing Party seeks such an order or other remedy, the Receiving Party will provide such cooperation, at the Receiving Party's sole expense, as the Disclosing Party shall reasonably request). If no such protective order or other remedy is obtained and the Receiving Party or its Affiliates or its or its Affiliates' representatives are, in the view of their respective counsel (which may include their respective internal counsel), legally required to disclose Confidential Information, the Receiving Party or its Affiliates or its or its Affiliates' representatives, as the case may be, shall only disclose that portion of the Confidential Information that their respective counsel advises that the Receiving Party or its Affiliates or its or its Affiliates' representatives, as the case may be, are required to disclose and will exercise commercially reasonable efforts, at the Disclosing Party's sole expense, to obtain reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information that is being disclosed. In any event, the Receiving Party will not oppose action by the Disclosing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information. Notwithstanding the foregoing, notice to the Disclosing Party shall not be required where disclosure is made (i) in response to a request by a governmental or regulatory authority having competent jurisdiction over the Receiving Party, its Affiliates or its or its Affiliates' representatives, as the case may be, or (ii) in connection with a routine examination by a regulatory examiner, where in each case such request or examination does not expressly reference the Disclosing Party, its Affiliates, the Purchased Receivables or this Agreement. The Receiving Party may disclose Confidential Information to its Affiliates, its and their employees, directors, officers, contractors, agents, and representatives, and to potential or actual acquirers, merger partners, permitted assignees, investment bankers, investors, limited partners, partners, lenders, or other financing sources (including, in the case of the Seller, any party evaluating the acquisition of any portion of the Purchased Receivables that are not included in the Purchased Receivables), and their respective directors, employees, contractors and agents; provided that such person or entity agrees to confidentiality and non-use obligations with respect thereto at least as stringent as those specified for in this Article VIII. Further, notwithstanding anything contained in this Article VIII to the contrary, the Seller may disclose Confidential Information to the extent such disclosure is reasonably necessary to comply with the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or with any rule, regulation or legal process promulgated by the SEC or a stock exchange, subject to the Seller's obligations set forth in Section 5.2.

ARTICLE IX
TERMINATION

Section 9.1 Termination of Agreement.

(a) This Agreement may only be terminated by mutual written consent of the Majority in Interest, on the one hand, and the Seller Parties, on the other hand.

(b) Effect of Termination. Upon the termination of this Agreement pursuant to Section 9.1(a), this Agreement shall become void and of no further force and effect; provided, however, that (a) the provisions of Section 5.2, ARTICLE VII, ARTICLE VIII, this ARTICLE IX and ARTICLE X shall survive such termination and shall remain in full force and effect, and (b) nothing contained in this Section 9.1 shall relieve any Party from liability for any breach of this Agreement that occurs prior to such termination.

ARTICLE X
MISCELLANEOUS

Section 10.1 Specific Performance. Each Party acknowledges and agrees that, if it fails to perform any of its obligations under any of the Transaction Documents, the other Parties will have no adequate remedy at law. In such event, each Party agrees that the other Parties shall have the right, in addition to any other rights it may have (whether at law or in equity), to specific performance of this Agreement.

Section 10.2 Notices. All notices, consents, waivers and other communications hereunder shall be in writing and shall be effective (a) upon receipt when sent by registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier (costs prepaid and receipt requested), (c) on the date personally delivered to an authorized officer of the Party to which sent or (d) on the date transmitted by e-mail with a confirmation of receipt, addressed to the recipient as follows:

if to the Seller Parties, to:

Channel Therapeutics Corporation
4400 Route 9 South, Suite 1000
Freehold, New Jersey 07728
Attention: Francis Knuettel II
E-mail: frank@channeltxco.com

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

Sullivan & Worcester LLP
1251 Avenue of the Americas
New York, NY 10020
Attention: David Danovitch
E-mail: ddanovitch@sullivanlaw.com

if to the Purchasers, to the addresses of each Purchaser as set forth on Schedule 1.

Each Party may, by notice given in accordance herewith to the other Party, designate any further or different address to which subsequent notices, consents, waivers and other communications shall be sent.

Section 10.3 Successors and Assigns. The Seller Parties shall not be entitled to assign any of their rights or delegate any of its obligations under this Agreement without the prior written consent of the Majority in Interest. Each Purchaser may, without the consent of the Seller Parties, assign any of its rights and delegate any of its obligations under this Agreement without restriction to any entity or entities. In connection with any such assignment by such Purchaser, if requested, the Seller shall be provided with an IRS Form W-9 or applicable IRS Form W-8, as appropriate, with respect to such assignee. Each Party shall give written notice to the other Parties of any assignment permitted by this Section 10.3. Any purported assignment of rights or delegation of obligations in violation of this Section 10.3 will be void. Subject to the foregoing, this Agreement will apply to, be binding upon, and inure to the benefit of, the successors and permitted assigns of the Parties.

Section 10.4 Independent Nature of Relationship. The relationship between the Seller and the Purchasers is solely that of seller and purchaser, and neither the Seller nor the Purchasers have any fiduciary or other special relationship with the other Party or any of its Affiliates. This Agreement is not a partnership or similar agreement, and nothing contained herein or in any other Transaction Document shall be deemed to constitute the Seller and the Purchasers as a partnership, an association, a joint venture or any other kind of entity or legal form for any purposes, including any Tax purposes. The Parties agree that they shall not take any inconsistent position with respect to such treatment in a filing with any Governmental Authority.

Section 10.5 Entire Agreement. This Agreement, together with the Exhibits and Schedules hereto and the other Transaction Documents, constitute a complete and exclusive statement of the terms of agreement between the Parties, and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties, with respect to the subject matter of this Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein (or in the Exhibits or Schedules hereto or the other Transaction Documents) has been made or relied upon by any Party.

Section 10.6 Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each Party irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of (i) the United States District Court for the Southern District of New York and (ii) the Supreme Court of the State of New York, Borough of Manhattan, for purposes of any claim, action, suit or proceeding arising out of this Agreement, any of the other Transaction Documents or any of the transactions contemplated hereby or thereby, and agrees that all claims in respect thereof shall be heard and determined only in such courts. Each Party agrees to commence any such claim, action, suit or proceeding only in the United States District Court for the Southern District of New York or, if such claim, action, suit or proceeding cannot be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, Borough of Manhattan, and agrees not to bring any such claim, action, suit or proceeding in any other court. Each Party hereby waives, and agrees not to assert in any such claim, action, suit or proceeding, to the fullest extent permitted by Applicable Law, any claim that (i) such Party is not personally subject to the jurisdiction of such courts, (ii) such Party and such Party's property is immune from any legal process issued by such courts or (iii) any claim, action, suit or proceeding commenced in such courts is brought in an inconvenient forum. Each Party agrees that a final judgment in any such claim, action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law. Each Party acknowledges and agrees that this Section 10.6(b) constitutes a voluntary and bargained-for agreement between the Parties.

(c) The Parties agree that service of process in any claim, action, suit or proceeding referred to in Section 10.6(b) may be served on any Party anywhere in the world, including by sending or delivering a copy of such process to such Party in any manner provided for the giving of notices in Section 10.2. Nothing in this Agreement will affect the right of any Party to serve process in any other manner permitted by Applicable Law. Each Party waives personal service of any summons, complaint or other process, which may be made by any other means permitted by New York law.

Section 10.7 Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.7.

Section 10.8 Severability. If one or more provisions of this Agreement are held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall remain in full force and effect and be enforceable in accordance with its terms. Any provision of this Agreement held invalid or unenforceable only in part or degree by a court of competent jurisdiction shall remain in full force and effect to the extent not held invalid or unenforceable.

Section 10.9 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Party. Any counterpart may be executed by facsimile or other similar means of electronic transmission, including "PDF", and such facsimile or other electronic transmission shall be deemed an original.

Section 10.10 Amendments; No Waivers. Neither this Agreement nor any term or provision hereof may be amended, supplemented, restated, waived, changed or modified except with the written consent of the Parties. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on any Party in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval hereunder shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 10.11 No Third Party Rights. Other than the Parties, no Person will have any legal or equitable right, remedy or claim under or with respect to this Agreement or any of the other Transaction Documents. This Agreement may be amended or terminated, and any provision of this Agreement may be waived, without the consent of any Person who is not a Party. The Seller shall enforce any legal or equitable right, remedy or claim under or with respect to this Agreement for the benefit of the Seller Indemnified Parties and the Majority in Interest shall enforce any legal or equitable right, remedy or claim under or with respect to this Agreement for the benefit of the Purchaser Indemnified Parties.

Section 10.12 Table of Contents and Headings. The Table of Contents and headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

{SIGNATURE PAGES FOLLOW}

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

Seller Parties:

Channel Pharmaceutical Corporation, a Nevada corporation

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Financial Officer

Channel Therapeutics Corporation, a Nevada corporation

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Executive Officer & Chief Financial Officer

[*Signature Page to Purchase and Sale Agreement*]

PURCHASERS:

NOMIS ROYALTYVEST LLC, a Delaware limited liability company.

By: /s/ Mark Lichtenstein
Name: Mark Lichtenstein
Title: Authorized Representative

[*Signature Page to Purchase and Sale Agreement*]

LIGAND PHARMACEUTICALS INCORPORATED, a Delaware corporation

By: /s/ Richard Baxter
Name: Richard Baxter
Title: Senior Vice President, Investment Operations

[*Signature Page to Purchase and Sale Agreement*]

MADISON ROYALTY LLC, a Colorado limited liability company

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Managing Member

[*Signature Page to Purchase and Sale Agreement*]

Schedule 1

Schedule of Purchasers

Exhibit A

Form of Closing Date Bill of Sale

CLOSING DATE BILL OF SALE

This **CLOSING DATE BILL OF SALE** (this "**Bill of Sale**") is dated as of July 1, 2025 by Channel Pharmaceutical Corporation, a Nevada corporation (the "**Seller**"), in favor of Nomis RoyaltyVest, LLC, a Delaware limited liability company ("**NRV**"), Ligand Pharmaceuticals Incorporated, a Delaware corporation ("**Ligand**") and Madison Royalty LLC, a Colorado limited liability company ("**Madison**," and together with NRV and Ligand, the "**Purchasers**"). Unless otherwise specifically defined herein, each capitalized term used herein shall have the meaning assigned to such term in that certain Purchase and Sale Agreement, dated as of the date hereof (the "**Purchase Agreement**").

RECITALS

WHEREAS the Seller and the Purchasers are parties to the Purchase Agreement, pursuant to which, among other things, the Seller has agreed to sell, contribute, assign, transfer, convey and grant to the Purchasers, and the Purchasers have agreed to purchase, acquire and accept from the Seller, all of the Seller's right, title and interest in and to the Purchased Receivables, for the consideration described in the Purchase Agreement; and

WHEREAS the parties hereto now desire to evidence the transfer of all of the Seller's right, title and interest in and to the Purchased Receivables from the Seller to the Purchasers pursuant to the Purchase Agreement by the execution and delivery of this instrument.

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth in the Purchase Agreement and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. The Seller, by this Bill of Sale, does hereby sell, contribute, assign, transfer, convey and grant to each Purchaser, and each Purchaser does hereby purchase, acquire and accept, all of the Seller's right, title and interest in and to such Purchaser's Purchased Receivables.

2. This Bill of Sale: (a) is made pursuant to, and is subject to the terms of, the Purchase Agreement, and (b) shall be binding upon and inure to the benefit of the Seller, each Purchaser and their respective successors and permitted assigns, for the uses and purposes set forth and referred to above, effective immediately upon its delivery to each Purchaser.

3. THIS BILL OF SALE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

4. This Bill of Sale may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which counterpart shall constitute an original and all of which counterparts together shall constitute one and the same instrument.

5. The terms of the Purchase Agreement are incorporated herein *mutatis mutandis* by this reference. The parties hereto acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein, and that nothing herein shall be deemed to modify, expand or limit in any way the terms of the Purchase Agreement including any of the representations, warranties, covenants and obligations of the parties thereunder. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

{SIGNATURE PAGES FOLLOW}

IN WITNESS WHEREOF, the parties hereto have executed this Bill of Sale as of the day and year first written above.

SELLER:

CHANNEL PHARMACEUTICAL CORPORATION

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Chief Financial Officer

[*Signature Page to Closing Date Bill of Sale*]

PURCHASERS:

NOMIS ROYALTYVEST LLC

By: /s/ Mark Lichtenstein
Name: Mark Lichtenstein
Title: Authorized Representative

[*Signature Page to Closing Date Bill of Sale*]

LIGAND PHARMACEUTICALS INCORPORATED,

By: /s/ Richard Baxter
Name: Richard Baxter
Title: Senior Vice President, Investment Operations

[*Signature Page to Closing Date Bill of Sale*]

MADISON ROYALTY LLC

By: /s/ Francis Knuettel II
Name: Francis Knuettel II
Title: Managing Member

[*Signature Page to Closing Date Bill of Sale*]

Exhibit B

Disclosure Schedule

(See attached.)

Exhibit C

Purchasers Accounts

[To be provided following the Closing]

Exhibit D

Seller Account

[To be provided following the Closing]

Exhibit E

Product Development Plan

(See attached.)

Exhibit 10.14

PELTHOS THERAPEUTICS INC.
2023 EQUITY INCENTIVE PLAN
As Amended and Restated effective as of April 16, 2025

1. PURPOSE

The purpose of this 2023 Equity Incentive Plan, as amended and restated effective as of April 16, 2025 (the "Plan") is to encourage key service providers of Pelthos Therapeutics Inc. (the "Company") and its Subsidiaries (as defined below) to continue their association with the Company by providing favorable opportunities for them to participate in the ownership of the Company and its Subsidiaries and in its future growth through the granting of equity ownership opportunities and incentives based on the Company's Common Stock (as defined below) that are intended to align their interests with those of the Company's shareholders ("Awards"). Each person who is granted an Award under the Plan is deemed a "Participant."

The term "Subsidiary" as used in the Plan means a corporation, company, partnership or other form of business organization of which the Company owns, directly or indirectly through an unbroken chain of ownership, fifty percent or more of the total combined voting power of all classes of stock or other form of equity ownership or has a significant financial interest, as determined by the Committee (as defined below).

2. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the members of the Board of Directors of the Company (each a "Director" and collectively the "Board") or, in the discretion of the Board, a committee or subcommittee of the Board (the "Committee"), appointed by the Board and composed of at least two Directors. In the event that a vacancy on the Committee occurs on account of the resignation of a Director or the removal of a Director by vote of the Board, a successor Director shall be appointed by vote of the Board. All references in the Plan to the "Committee" shall be understood to refer to the Committee or the Board, whoever shall administer the Plan.

For so long as Section 16 of the Securities Exchange Act of 1934, as amended and in effect from time to time (the "Exchange Act"), is applicable to the Company, each member of the Committee shall be a "non-employee director" or the equivalent within the meaning of Rule 16b-3 under the Exchange Act.

The Committee shall select one of its members as Chairman and shall hold meetings at such times and places as it may determine. A majority of the Committee shall constitute a quorum, and acts of the Committee at which a quorum is present, or acts reduced to or approved in writing by all the members of the Committee, shall be the valid acts of the Committee. The Committee shall have the authority to adopt, amend, and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan. All questions of interpretation and application of such rules and regulations of the Plan and of Awards granted hereunder shall be subject to the determination of the Committee, which shall be final and binding.

The Committee shall select Participants and determine the terms and conditions of all Awards. The terms of each Award need not be identical, and the Committee need not treat Participants uniformly.

With respect to persons subject to Section 16 of the Exchange Act ("Insiders"), transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed to be modified so as to be in compliance with such Rule or, if such modification is not possible, it shall be deemed to be null and void, to the extent permitted by law and deemed advisable by the Committee.

The Plan shall be administered in such a manner as to permit those options to acquire Common Stock ("Options") granted hereunder and specially designated under Section 5 as incentive stock options as described in Section 422 ("ISOs") of the Internal Revenue Code of 1986, as amended (the "Code"), to qualify as such but the Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) that is intended to be an ISO is not an ISO or if the Company converts an ISO to a nonstatutory (or nonqualified) stock option (an "NSO").

3. STOCK SUBJECT TO THE PLAN

The total number of shares of the Company's Common Stock, $0.0001 par value per share ("Common Stock"), that may be subject to an Award under the Plan shall be 24,000,000 (the "Overall Share Limit"), from either authorized but unissued shares or treasury shares. Shares of Common Stock underlying Awards that fail to settle, vest or be fully exercised prior to expiration or other termination shall again become available for grant under the terms of the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares of Common Stock retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) will, as applicable, become or again be available for Award grants under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Overall Share Limit.

Each reference to a number of shares of Common Stock in this Section 3 shall be subject to adjustment in accordance with the provisions of Section 11.

Notwithstanding anything to the contrary herein, no more than 24,000,000 shares of Common Stock may be issued pursuant to the exercise of ISOs.

In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Committee may grant Awards in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines ("Substitute Awards"). Substitute Awards may be granted on such terms as the Committee deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall shares of Common Stock subject to a Substitute Award be added to the shares of Common Stock available for Awards under the Plan as provided above), except that shares of Common Stock acquired by exercise of substitute ISOs will count against the maximum number of shares of Common Stock that may be issued pursuant to the exercise of ISOs under the Plan.

4. ELIGIBILITY

The persons who shall be eligible for Awards under the Plan shall be employees of the Company or a Subsidiary ("Employees"), Directors, and Consultants (as defined below). A "Consultant" means any person, including any adviser, engaged by the Company or a Subsidiary to render services to such entity if the consultant or adviser: (a) renders bona fide services to the Company; (b) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company's securities; and (c) is a natural person. ISOs shall not be granted to any person who is not an Employee of the Company or a Subsidiary, as defined in Section 424(f) of the Code (an "ISO Subsidiary").

5. TERMS AND CONDITIONS OF OPTIONS

(a) In General. The Committee may grant Awards in the form of Options. Every Option shall be evidenced by an Option agreement in such form as the Committee shall approve from time to time, specifying the number of shares of Common Stock that may be purchased pursuant to the Option, the time or times at which the Option shall become exercisable in whole or in part, whether the Option is intended to be an ISO or an NSO, and such other terms and conditions as the Committee shall approve, and containing or incorporating by reference the terms and conditions set forth in this Section 5.

(b) Duration. The duration of each Option shall be as specified by the Committee in its discretion; *provided*, *however*, that no ISO shall expire later than ten years from its date of grant, and no ISO granted to an Employee who owns (directly or under the attribution rules of Section 424(d) of the Code) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any ISO Subsidiary shall expire later than five years from its date of grant.

(c) Exercise Price. The exercise price of each Option shall be not less than the Fair Market Value (as defined below) of Common Stock on the date the Option is granted; *provided*, *however*, that the exercise price with respect to an ISO granted to an Employee who at the time of grant owns (directly or under the attribution rules of Section 424(d) of the Code) stock representing more than ten percent the voting power of all classes of stock of the Company or any ISO Subsidiary shall be at least 110 percent of the Fair Market Value of the Common Stock on the date of grant of the ISO.

For purposes of the Plan and except as may be otherwise explicitly provided in the Plan or in any Award agreement, the Fair Market Value of a share of Common Stock at any particular date shall be determined according to the following rules:

(i) If Common Stock is at the time listed or admitted to trading on any Trading Market, then Fair Market Value shall mean the Closing Price for the Common Stock on such date or, if such date is not a trading day, on the last trading day preceding such date. The "Closing Price" on any date shall mean the last sale price for the Common Stock, regular way, or, in case no such sale takes place on that day, the average of the closing bid and asked prices, regular way, for the Common Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading with a Trading Market; or

(ii) If the Common Stock is not at the time listed or admitted to trading with a Trading Market, then Fair Market Value shall be determined in good faith by the Board, which may take into consideration (1) the price paid for the Common Stock in the most recent trade of a substantial number of shares known to the Board to have occurred at arm's length between willing and knowledgeable investors, (2) an appraisal by an independent party or (3) any other method of valuation undertaken in good faith by the Board, or some or all of the above as the Board shall in its discretion elect.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American; the Nasdaq Capital Market; the Nasdaq Global Market; the Nasdaq Global Select Market; the New York Stock Exchange; or the OTCQB or OTCQX markets maintained by The OTC Markets Group (or any successors to any of the foregoing).

(d) Method of Exercise. Options may be exercised by delivery to the Company of a notice of exercise in a form, which may be electronic, approved by the Committee, together with payment in full in the manner specified in Section 5(e) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise and payment of the exercise price. If the Participant fails to pay for or to accept delivery of all or any part of the number of shares specified in the notice upon tender of delivery thereof, the right to exercise the Option with respect to those shares shall be terminated, unless the Committee otherwise agrees.

(e) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(i) In cash or by check, payable to the order of the Company;

(ii) If approved by the Committee, by payment in cash or by check, payable to the order of the Company, of the par value of the Common Stock to be acquired and by payment of the balance of the exercise price in whole or in part by delivery of the Participant's recourse promissory note, in a form specified by the Committee and to the extent consistent with Applicable Law (as defined below), secured by the Common Stock acquired upon exercise of the Option and such other security as the Committee may require;

(iii) Except as may otherwise be provided in the applicable Option agreement or approved by the Committee, in its sole discretion, by (1) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (2) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(iv) If approved by the Committee, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (1) the method of payment is then permitted under Applicable Law, (2) the Common Stock, if acquired directly from the Company, was owned by the Participant for a minimum period of time, if any, as may be established by the Committee in its sole discretion, and (3) the Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(v) If approved by the Committee, in the case of an NSO, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (1) the number of shares underlying the portion of the Option being exercised less (2) such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the value of the Common Stock on the date of exercise and, at the election of the Participant, less (3) such number of shares as is equal in value to the withholding obligation (if any) provided in Section 13(e);

(vi) To the extent permitted by Applicable Law and provided for in the applicable Option agreement or approved by the Committee in its sole discretion, by payment of such other lawful consideration as the Committee may determine; or

(vii) By any combination of the above permitted forms of payment approved by the Committee.

(f) Vesting. An Option may be exercised so long as it is vested and outstanding from time to time, in whole or in part, in the manner and subject to the conditions, including any performance related conditions, that the Committee in its discretion may provide in the Option agreement.

(g) Companion SAR. Options may be awarded in combination with stock appreciation rights (or "SARs"), and such an Award may provide that the Options will not be exercisable unless the related SARs are forfeited.

(h) Notice of ISO Stock Disposition. The Participant must notify the Company promptly in the event that he sells, transfers, exchanges or otherwise disposes of any shares of Common Stock issued upon exercise of an ISO before the later of (i) the second anniversary of the date of grant of the ISO and (ii) the first anniversary of the date the shares were issued upon his exercise of the ISO.

(i) Effect of Cessation of Employment or Service Relationship. The Committee shall determine in its discretion and specify in each Option agreement the effect, if any, of the termination of the Participant's employment or other service relationship upon the exercisability of the Option.

(j) Transferability of Options. An Option shall not be assignable or transferable by the Participant except by will or by the laws of descent and distribution. During the life of the Participant, an Option shall be exercisable only by him, by a conservator or guardian duly appointed for him by reason of his incapacity or by the person appointed by the Participant in a durable power of attorney acceptable to the Company's counsel. Notwithstanding the preceding sentences of this Section 5(j), the Committee may in its discretion permit the Participant of an NSO to transfer the NSO to a member of the Immediate Family (as defined below) of the Participant, to a trust solely for the benefit of the Participant and the Participant's Immediate Family or to a partnership or limited liability company whose only partners or members are the Participant and members of the Participant's Immediate Family. "Immediate Family" shall mean, with respect to any Participant, the Participant's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, and shall include adoptive relationships.

(k) No Rights as Shareholder. A Participant shall have no rights as a shareholder with respect to any shares covered by an Option until becoming the record holder of the shares. No adjustment shall be made for dividends or other rights for which the record date is earlier than the date the certificate is issued, other than as required or permitted pursuant to Section 11.

6. STOCK APPRECIATION RIGHTS

(a) In General. The Committee may grant Awards in the form of SARs, separately or in combination with Options. Every SAR shall be evidenced by an SAR agreement in such form as the Committee shall approve from time to time, specifying the number of shares of Common Stock to which the SAR relates, the time or times at which the SAR shall become exercisable in whole or in part, and such other terms and conditions as the Committee shall approve, and containing or incorporating by reference the terms and conditions set forth in this Section 6.

Upon exercise of an SAR, the Participant shall be entitled to receive from the Company an amount equal to the excess of the Fair Market Value, on the exercise date, of the number of shares of Common Stock as to which the SAR is exercised over the exercise price for those shares under a related Option, or if there is no related Option, over the measurement price stated in the SAR agreement. The amount payable by the Company upon exercise of an SAR shall be paid in the form of cash or other property (including Common Stock of the Company), as provided in the SAR agreement.

(b) Duration. The duration of an SAR shall be as specified by the Committee in its discretion; *provided*, *however*, that no SAR will be granted with a term in excess of ten years.

(c) Measurement Price. The measurement price of each SAR shall be not less than the Fair Market Value of Common Stock on the date the SAR is granted.

(d) Method of Exercise. SARs may be exercised by delivery to the Company of a notice of exercise in a form, which may be electronic, approved by the Committee, together if applicable with payment in full in the manner specified in Section 5(e) of the measurement price for the number of shares for which the SAR is exercised. Settlement of the SAR shall be made as soon as practicable following exercise and payment of the measurement price if applicable. If the Participant fails to pay for or to accept delivery of all or any part of the number of shares specified in the notice upon tender of delivery thereof, the right to exercise the SAR with respect to those shares shall be terminated, unless the Committee otherwise agrees.

(e) Companion Option. An SAR granted in connection with an Option may be exercised only to the extent of the surrender of the related Option, and to the extent of the exercise of the related Option the SAR shall terminate. Shares of Common Stock covered by an Option that terminates upon the exercise of a related SAR shall cease to be available under the Plan.

7. STOCK AWARDS

(a) Types of Stock Awards.

(i) Restricted Stock and Restricted Stock Units. The Committee may grant Awards in the form of shares of Common Stock, with or without restrictions (with restrictions, "Restricted Stock"), and/or Restricted Stock Units (together, and including Performance Shares and Performance Share Units, each as defined below, "Stock Awards"). Restricted Stock Units are a right to receive shares of Common Stock (or their then Fair Market Value) at a specified future time. Restrictions on Restricted Stock may include the right of the Company to repurchase all or part of the shares at their issue price or other stated or formula price (or to require forfeiture of the shares if issued at no cost) from the Participant in the event that conditions specified by the Committee in the applicable Award agreement are not satisfied prior to the end of the applicable restriction period or periods established by the Committee for the Stock Award.

(ii) Performance Stock and Performance Share Units. The Committee may grant or award shares of Common Stock in the form of Performance Shares and/or Performance Share Units. A Performance Share is an award of shares of Restricted Stock, the vesting of which is based on the satisfaction of applicable Performance Goals (as defined below). A Performance Share Unit is a right to receive shares of Common Stock (or their then Fair Market Value) at a specified future time and based on the satisfaction of applicable Performance Goals.

(iii) Form of Payment. Restricted Stock Units and Performance Share Units shall be paid in cash, shares of Common Stock or a combination of cash and shares of Common Stock as the Committee, in its sole discretion, shall determine and as shall be set forth in the applicable Award agreement.

(b) Procedures Relating to Stock Awards. A Restricted Stock agreement, Restricted Stock Unit agreement, Performance Share agreement or Performance Share Unit agreement shall evidence the applicable Award and shall contain such terms and conditions as the Committee shall provide.

A holder of a Stock Award without restrictions, Restricted Stock or Performance Shares shall, subject to the terms of any applicable agreement, have all of the rights of a shareholder of the Company, including the right to vote the shares and (except as provided below) the right to receive any dividends. Certificates representing Restricted Stock or Performance Shares shall be imprinted with a legend to the effect that the shares represented may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with the terms of the applicable agreement. (If shares of Restricted Stock or Performance Shares are held in book entry form, statements evidencing those shares shall include a similar legend.) The Participant shall be required to deposit any stock certificates with an escrow agent designated by the Committee, together with a stock power or other instrument of transfer appropriately endorsed in blank. With respect to such shares, the Committee shall provide that dividends will not be paid with respect to unvested Restricted Stock or Performance Shares until the time (if at all) the Restricted Stock or Performance Shares vest, and the Company will retain such dividends and pay them to the Participant upon vesting.

Except as otherwise provided in this Section 7 Applicable Law or any Company insider trading policy, Restricted Stock and Performance Shares shall become freely transferable by the Participant after all conditions and restrictions applicable to the shares have been satisfied or lapse (including satisfaction of any applicable tax withholding obligations).

(c) Additional Matters Relating to Restricted Stock Units and Performance Share Units.

(i) Delivery. Provided the Participant's employment or service relationship has not terminated as of the end of the applicable Performance Period (as defined below) or at a later date determined by the Committee at the time of grant and set forth in the applicable agreement, a delivery of shares of Common Stock or payment of cash as settlement of a Restricted Stock Unit or Performance Share Unit Award shall occur as soon as administratively practicable following the written determination of the Committee of the satisfaction of the applicable Performance Goals, but in no event later than the fifteenth day of the third month following the close of the year in which the Performance Period ends or, if later, the close of the year specified by the Committee in the applicable agreement. The Committee may, in its sole discretion and at the time of grant, provide for the further deferral of payment in an applicable agreement.

In the case of an Award of Restricted Stock Units not subject to Performance Goals, a delivery of shares of Common Stock or payment of cash as settlement of the Restricted Stock Unit shall occur as of the date specified in the applicable agreement, but in no event later than the fifteenth day of the third month following the close of the year in which vesting under the applicable agreement occurs.

(ii) Dividend Equivalents for Restricted Stock Units and Performance Share Units. With respect to each Restricted Stock Unit and Performance Share Unit, the Committee may grant a Dividend Equivalent Unit to any Participant upon such terms and conditions as it may establish. Each Dividend Equivalent Unit will entitle the Participant, at the time of the settlement of the Award, to an additional payment equal to the dividends the Participant would have received if the Participant had been the actual record owner of the underlying Common Stock on each dividend record date prior to settlement. The Dividend Equivalent Unit may be settled in cash, additional shares of Common Stock or a combination thereof.

(d) Restrictions Relating to Stock Awards.

(i) In General. The Committee may, in its sole discretion, impose such conditions and/or restrictions on any Stock Award pursuant to this Section 7 as it may deem advisable including, without limitation, a requirement that a Participant pay a stipulated purchase price for each share of Common Stock awarded or underlying a Stock Award, restrictions based upon the achievement of specific Performance Goals, time-based restrictions on vesting, either in lieu of or following the attainment of any Performance Goals, or holding requirements or sale restrictions placed on the Common Stock upon vesting of any Stock Award.

(ii) Satisfaction of Performance Goals. After the applicable period (the "Performance Period") during which the Performance Goals must be met in order to determine the payout and/or vesting of Performance Shares or Performance Share Units has ended, restrictions on Performance Shares will lapse and delivery or payment with respect to Performance Share Units shall be made, in each case based on the partial or full satisfaction of the Performance Goals and any other applicable requirements of the Award. The Committee may, at the time the Performance Shares or Performance Share Units are granted, provide that additional Performance Shares or Performance Share Units may be awarded in the event the applicable Performance Goals are exceeded.

(iii) Committee Determination. The extent to which Performance Goals are met will be determined solely by the Committee, which determination will establish the amount of Performance Shares and/or Performance Share Units that will be paid out to the Participant and the extent to which any restrictions will lapse.

(e) Definition of Performance Goals. Before twenty-five percent of the Performance Period has elapsed (or within ninety days of a grant date, if earlier), the Committee shall establish the criteria for Performance Goals. Such criteria may be based on any one or more business criteria measured in the aggregate or on a per share basis, as specified by the Committee.

The Committee shall make any adjustments necessary to eliminate the effect on the stated Performance Goals unusual or extraordinary items that could not be reasonably anticipated.

If the Performance Goals are not fully achieved, the Committee may provide in the applicable agreement that less than 100 percent of an Award may be payable but in no event shall the amount of any such Award be increased after it has been established and after twenty-five percent of the Performance Period has elapsed (or more than ninety days from the grant date, if earlier).

(f) Effect of Cessation of Employment or Service Relationship. Each agreement underlying a Stock Award shall set forth the extent to which the Participant shall have the right to retain the Award following termination of the Participant's employment or other service relationship with the Company. Whether any such right shall apply to a particular Award shall be determined in the sole discretion of the Committee.

8. OTHER STOCK-BASED AWARDS

(a) In General. The Committee may grant Awards of other types of equity-based or equity-related awards not otherwise described by the terms of this Plan to Participants in such amounts and upon such terms as the Committee may determine ("Other Awards"). Other Awards may involve the transfer of actual shares of Common Stock to Participants, a payment in cash or a combination of shares and cash.

(b) Procedures Relating to Other Awards. Each Other Award pursuant to this Section 8 shall provide for the payment of a specific amount or range of shares of Common Stock, as determined by the Committee. The Committee may, in its sole discretion, provide that an Other Award pursuant to this Section 8 shall be contingent on the satisfaction of Performance Goals, as provided for in Section 7(e). If the Committee exercises its sole discretion to establish Performance Goals, the number and/or value of Other Awards issued pursuant to this Section 8 will be paid out to the Participant based on the extent to which the Performance Goals are met, all in accordance with Section 7(e).

The Committee shall determine whether an agreement is necessary to evidence an Other Award and any Other Award agreement shall contain such terms and conditions as the Committee shall provide in its sole discretion including, without limitation, a requirement that a Participant pay a stipulated purchase price for each share of Common Stock awarded or underlying an Other Award, restrictions based upon the achievement of specific Performance Goals, time-based restrictions on vesting, either in lieu of or following the attainment of any Performance Goals, or holding requirements or sale restrictions placed on the Common Stock upon vesting of an Other Award.

(c) Delivery of Awards. Provided the Participant's employment or service relationship has not terminated as of the end of the applicable Performance Period, or at a later date as determined by the Committee at the time of grant and set forth in the applicable agreement, a delivery of shares of Common Stock or payment of cash as settlement of an Award pursuant to this Section 8 shall occur upon the written determination of the Committee of the satisfaction of the applicable Performance Goals, but in no event later than the fifteenth day of the third month following the close of the year in which the Performance Period ends or, if later, the close of the year specified by the Committee in the applicable agreement. The Committee may, in its sole discretion and at the time of grant, provide for the further deferral of payment in an applicable agreement.

(d) Effect of Cessation of Employment or Service Relationship. Each Agreement underlying an Other Award pursuant to this Section 8 shall set forth the extent to which the Participant shall have the right to retain the Other Award following termination of the Participant's employment or other service relationship with the Company. Whether any such right shall apply to a particular Other Award shall be determined in the sole discretion of the Committee.

9. AWARDS VOIDABLE

If a person to whom an Award under the Plan has been made fails to execute and deliver to the Committee a related Award agreement within thirty days after it is submitted to him or her, the Award shall be voidable by the Committee at its election, without further notice to the Participant.

10. GENERAL PROVISIONS APPLICABLE TO Awards

(a) Conditions on Delivery of Stock. The Company shall not be required to transfer any Common Stock or to sell or issue any shares upon the exercise or settlement of any Award if the issuance of the shares will result in a violation by the Participant or the Company of any provisions of any law, statute or regulation of any governmental authority. Specifically, in connection with the Securities Act of 1933, as amended (the "Securities Act"), upon the transfer of Common Stock or the exercise of any Option or SAR the Company shall not be required to issue shares unless the Board has received evidence satisfactory to it to the effect that the Participant will not transfer the shares except pursuant to a registration statement in effect under the Securities Act or unless an opinion of counsel satisfactory to the Company has been received by the Company to the effect that such registration is not required. Any determination in this connection by the Board shall be conclusive. The Company shall not be obligated to take any other affirmative action in order to cause the transfer of Common Stock or to sell or issue any shares upon the exercise or settlement of any Award to comply with any law or regulations of any governmental authority, including, without limitation, the Securities Act or applicable state securities laws.

(b) Amendment of Award; Repricing. The Committee may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an ISO to a NSO. The Participant's consent to such action will be required unless (a) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (b) the change is permitted under Section 11 or pursuant to Section 13(i). Further, the Committee may, without the approval of the shareholders of the Company, reduce the exercise price per share of outstanding Options or SARs or cancel outstanding Options or SARs in exchange for cash, other Awards or Options or SARs with an exercise price per share that is less than the exercise price per share of the original Options or SARs.

11. CHANGES IN CAPITAL STRUCTURE AND CERTAIN OTHER EVENTS

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules set forth in Section 3, (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of each outstanding SAR, (v) the number of shares subject to and the repurchase price per share (if any) subject to each outstanding Stock Award, and (vi) the share and per-share-related provisions and the purchase price, if any, of each outstanding Other Award, shall be equitably adjusted (or substituted Awards may be made, if applicable) as the Committee, in its sole discretion, deems appropriate. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend or effects another stock dividend for which an adjustment is made pursuant to this Section 11, and the exercise price of and the number of shares subject to an outstanding Option or SAR are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then a Participant who exercises an Option or SAR between the record date and the distribution date for the stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon the Option or SAR exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend. Any such adjustment pursuant to this Section 11(a) made by the Committee shall be conclusive and binding upon all affected persons, including the Company and all Participants.

If while Options, SARs or Stock Awards remain outstanding under the Plan the Company merges or consolidates with a wholly-owned subsidiary for the purpose of reincorporating itself under the laws of another jurisdiction or for any other reason, the Participants will be entitled to acquire shares of Common Stock of the surviving company upon the same terms and conditions as were in effect immediately prior to such merger or consolidation (unless such merger or consolidation involves a change in the number of shares or the capitalization of the Company, in which case proportional adjustments shall be made as provided above) and the Plan, unless otherwise rescinded by the Board, will remain the Plan of the surviving company.

(b) Reorganization Events and Change in Control Events.

(i) Definitions.

(1) A "Reorganization Event" shall mean: (A) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled; (B) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction; (C) any sale or disposition of all or substantially all of the assets of the Company; (D) any liquidation or dissolution of the Company; or (E) a Change in Control (as defined below).

The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Reorganization Event has occurred pursuant to the above definition, the date of the occurrence of such Reorganization Event and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Reorganization Event is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

(2) Change in Control. For purposes of the Plan and except as otherwise provided in an Award agreement, a "Change in Control" means and includes each of the following.

(A) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (Y) and (Z) of Section 11(b)(i)(2)(C) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent of the total combined voting power of the Company's securities outstanding immediately after such acquisition.

(B) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 11(b)(i)(2)(A) or (C)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof.

(C) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (I) a merger, consolidation, reorganization or business combination, (II) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (III) the acquisition of assets or stock of another entity, in each case other than a transaction: (Y) that results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction and (Z) after which no person or group beneficially owns voting securities representing fifty percent or more of the combined voting power of the Successor Entity; *provided*, *however*, that no person or group shall be treated for purposes of this clause (Z) as beneficially owning fifty percent or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

(ii) Consequences of a Reorganization Event on Awards Other than Restricted Stock or Performance Shares.

(1) In connection with a Reorganization Event, the Committee may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock or Performance Shares on such terms as the Committee determines (except to the extent specifically provided otherwise in an applicable Award agreement or another agreement between the Company and the Participant): (A) provide that the Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding entity or an affiliate thereof; (B) upon notice to a Participant, provide that all of the Participant's unvested and/or unexercised Awards will terminate immediately prior to the consummation of the Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice; (C) provide that outstanding Awards shall become exercisable, realizable or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon the Reorganization Event; (D) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "Acquisition Price"), make or provide for a cash payment to Participants with respect to each Award held by a Participant equal to (I) the number of shares of Common Stock subject to the vested portion of the Award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (II) the excess, if any, of (Y) the Acquisition Price over (Z) the exercise, measurement or purchase price of the Award and any applicable tax withholdings, in exchange for the termination of such Award; (E) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings); and (F) any combination of the foregoing. In taking any of the actions permitted under this Section 11(b)(ii), the Committee shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant or all Awards of the same type identically and any adjustment pursuant to this Section 11(b) made by the Committee shall be conclusive and binding upon all affected persons, including the Company and all Participants.

(2) Notwithstanding the terms of Section 11(b)(ii)(1), in the case of outstanding Restricted Stock Units or Performance Share Units that are subject to Section 409A of the Code: (A) if the applicable agreement provides that the Restricted Stock Units or Performance Share Units shall be settled upon a change in control event within the meaning of Treasury Regulation Section 1.409A-3(i)(5), and the Reorganization Event constitutes such a change in control event, then no assumption or substitution shall be permitted pursuant to Section 11(b)(ii)(1)(A) and the Restricted Stock Units or Performance Share Units shall instead be settled in accordance with the terms of the applicable agreement; and (B) the Committee may only undertake the actions set forth in clauses (C), (D) or (E) of Section 11(b)(ii)(1) if the action is permitted or required by Section 409A of the Code ("Section 409A") and if the Reorganization Event is not a change in control event as so defined or such action is not permitted or required by Section 409A, and the acquiring or succeeding entity or an affiliate thereof does not assume or substitute the Restricted Stock Units or Performance Share Units pursuant to clause (A) of Section 11(b)(ii)(1), then the unvested Restricted Stock Units or Performance Share Units shall terminate immediately prior to the consummation of the Reorganization Event without any payment in exchange therefor.

(3) For purposes of Section 11(b)(ii)(1)(A), an Award (other than Restricted Stock or Performance Shares) shall be considered assumed if, following consummation of the Reorganization Event, the Award confers the right to purchase or receive pursuant to the terms of the Award, for each share of Common Stock subject to the Award immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided*, *however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding entity or an affiliate thereof, the Company may, with the consent of the acquiring or succeeding entity or an affiliate thereof, provide for the consideration to be received upon the exercise or settlement of the Award to consist solely of the number of shares of common stock of the acquiring or succeeding entity or an affiliate thereof that the Committee determined to be equivalent in value (as of the date of such determination or another date specified by the Committee) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(c) Consequences of a Reorganization Event on Restricted Stock or Performance Shares. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company with respect to outstanding Restricted Stock or Performance Shares shall inure to the benefit of the Company's successor and shall, unless the Committee determines otherwise, apply to the cash, securities or other property that the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Restricted Stock or Performance Shares; *provided*, *however*, that the Committee may provide for termination or deemed satisfaction of repurchase or other rights under the agreement evidencing any Restricted Stock, Performance Shares or any other agreement between a Participant and the Company, either initially or by amendment. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock, Performance Shares or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

12. FORFEITURE FOR DISHONESTY

Notwithstanding anything to the contrary in the Plan, if the Board determines, either before or after the end of the employment or service relationship and after full consideration of the facts presented on behalf of the Company, its Subsidiaries and a Participant, that the Participant has (a) been engaged in fraud, embezzlement, theft, commission of a felony or proven (by a third party) dishonesty in the course of his or her employment or other service relationship with the Company and its Subsidiaries that damaged the Company and its Subsidiaries, (b) has disclosed trade secrets or other proprietary information of the Company and its Subsidiaries or (c) has breached the terms of any employment or other agreements with the Company and its Subsidiaries:

(a) The Participant shall forfeit all unexercised Awards and all exercised Awards to the extent that stock certificates, cash or other property, as applicable, have not yet been delivered; and

(b) The Company shall have the right to repurchase all or any part of the shares of Common Stock acquired by the Participant upon the earlier exercise of any Award at a price equal to the amount paid to the Company upon exercise, increased by an amount equal to the interest that would have accrued in the period between the date of exercise and the date of such repurchase upon a debt in the amount of the exercise price, at the prime rate(s) announced from time to time during such period in the Federal Reserve Statistical Release Selected Interest Rates and decreased by any cash dividends received.

The decision of the Board as to the cause of a Participant's discharge and the damage done to the Company shall be final, binding and conclusive. No decision of the Board, however, shall affect in any manner the finality of the discharge of a Participant by the Company.

13. MISCELLANEOUS

(a) Transferability of Awards. Except as otherwise provided herein, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution and, during the life of the Participant, shall be exercisable only by the Participant.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Committee shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) No Guarantee of Employment or Continuation of Service Relationship. Neither the Plan nor any Award agreement shall give an Employee or other service provider the right to continue in the employment of or to continue to provide services to the Company or a Subsidiary, or give the Company or a Subsidiary the right to require continued employment or services.

(d) Rounding Conventions. The Committee may, in its sole discretion and taking into account any requirements of the Code, including without limitations Sections 422 through 424 and 409A of the Code, determine the effect of vesting, stock dividend, and any other adjustments on shares and any cash amount payable hereunder, and may provide that no fractional shares will be issued (rounding up or down as determined by the Committee) and that cash amounts be rounded down to the nearest whole cent.

(e) Tax Withholding. To the extent required by law, the Company (or a Subsidiary) shall withhold or cause to be withheld income and other taxes with respect to any income recognized by a Participant by reason of the exercise, vesting or settlement of an Award, and as a condition to the receipt of any Award the Participant shall agree that if the amount payable to him or her by the Company and any Subsidiary in the ordinary course is insufficient to pay such taxes, then he or she shall upon the request of the Company pay to the Company an amount sufficient to satisfy its tax withholding obligations.

Without limiting the foregoing, the Committee may in its discretion permit any Participant's withholding obligation to be paid in whole or in part in the form of shares of Common Stock by withholding from the shares to be issued or by accepting delivery from the Participant of shares already owned by him or her; *provided*, *however*, that payment of withholding obligation in the form of shares shall not be made with respect to an amount in excess of the statutory withholding rate or such other rate as may be determined by the Committee after considering any accounting consequences or costs. If payment of withholding taxes is made in whole or in part in shares of Common Stock, the Participant shall deliver to the Company certificates registered in his or her name representing shares of Common Stock legally and beneficially owned by him or her, fully vested and free of all liens, claims, and encumbrances of every kind, duly endorsed or accompanied by stock powers duly endorsed by the record holder of the shares represented by such certificates.

If the Participant is subject to Section 16(a) of the Exchange Act, his or her ability to pay any withholding obligation in the form of shares of Common Stock shall be subject to any additional restrictions as may be necessary to avoid any transaction that might give rise to liability under Section 16(b) of the Exchange Act.

(f) Use of Proceeds. The proceeds from the sale of Common Stock pursuant to Awards shall constitute general funds of the Company.

(g) Awards to Non-United States Persons. Awards may be made to Participants who are foreign nationals or employed outside the United States on such terms and conditions different from those specified in the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or to comply with Applicable Laws. The Board shall have the right to amend the Plan, consistent with its authority to amend the Plan as set forth in Section 14, to obtain favorable tax treatment for Participants or for any other reason the Board considers necessary or advisable to achieve the purposes of the Plan or to comply with Applicable Laws, and any such amendments shall be evidenced by an Addendum or Subplan to the Plan. The Board may delegate this authority to the Committee.

(h) Governing Law. The granting of Awards and the issuance of Common Stock under the Plan shall be subject to all applicable laws, including without limitation: (i) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (ii) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether U.S. or non-U.S. federal, state or local; and (iii) rules of any securities exchange or automated quotation system on which the shares of Common Stock are listed, quoted or traded ("Applicable Law"). To the extent not preempted by Federal law, the Plan and all agreements hereunder shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. The Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award agreements will be deemed amended as necessary to conform to Applicable Laws.

(i) Compliance with Section 409A.

(1) It is the intention of the Company that no payment or entitlement pursuant to this Plan will give rise to any adverse tax consequences to any person pursuant to Section 409A. The Committee shall interpret and apply the Plan to that end, and shall not give effect to any provision therein in a manner that reasonably could be expected to give rise to adverse tax consequences under Section 409A.

(2) Notwithstanding anything in the Plan or any Award agreement to the contrary, the Committee may, without a Participant's consent, amend this Plan or any (or all) Award(s), adopt policies and procedures or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(3) If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of the Award upon a termination of a Participant's employment or other service relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's employment or other service relationship. For purposes of this Plan or any Award agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(4) Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" under Section 409A required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Committee determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

(j) Claw-back Provisions. All Awards (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Common Stock underlying the Award) will be subject to any Company claw-back policy, including any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such claw-back policy or the Award agreement.

14. EFFECTIVE DATE, DURATION, AMENDMENT AND TERMINATION OF PLAN

Unless earlier terminated by the Board, the Plan will become effective on the day it is approved by the shareholders of the Company and will remain in effect until the tenth anniversary of the earlier of (a) the date the Board adopted the amended and restated Plan or (b) the date the Company's shareholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan. If this amendment and restatement of the Plan is not approved by the Company's shareholders, the Plan without regard to any amendments made by the Board in this amended and restatement document, will not become effective and the Plan and existing Awards will continue to operate pursuant to the provisions of the Plan as in effect immediately prior to the adoption of the amendment and restatement. The Board may at any time amend the Plan; *provided*, *however*, that the Board will obtain shareholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws. Except as otherwise provided in the Plan or an Award agreement, no amendment shall adversely affect outstanding Awards without the consent of the Participant. The Plan may be terminated at any time by action of the Board, but any such termination will not terminate Awards then outstanding, without the consent of the Participant.

PELTHOS THERAPEUTICS INC.
2023 Equity Incentive Plan
Stock Option Agreement

This Stock Option Agreement and the associated grant award information (the "Customizing Information"), which Customizing Information is provided in written form (the "Stock Option Schedule") or is available in electronic form from the record keeper for the Pelthos Therapeutics Inc. 2023 Equity Incentive Plan, as amended and restated in effect from time to time (the "Plan"), made as of the date shown as the "Grant Date" in the Customizing Information (the "Grant Date") by and between Pelthos Therapeutics, a Nevada corporation (the "Company"), and the individual identified in the Customizing Information (the "Optionee"). This instrument and the Customizing Information are collectively referred to as the "Option Agreement."

WITNESSETH THAT:

WHEREAS, the Company has instituted the Plan; and

WHEREAS, the Board or the Compensation Committee (the "Committee") has authorized the grant of a stock option upon the terms and conditions set forth below and pursuant to the Plan, a copy of which is incorporated herein; and

WHEREAS, the Optionee acknowledges that he or she has carefully read this Option Agreement and agrees, as provided in Section 16(a) below, that the terms and conditions of the Option Agreement reflect the entire understanding between himself or herself and the Company regarding this stock option (and the Optionee has not relied upon any statement or promise other than the terms and conditions of the Option Agreement with respect to this stock option);

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Optionee agree as follows.

1. Grant. Subject to the terms of the Plan and this Option Agreement, the Company hereby grants to the Optionee a stock option (the "Option") to purchase from the Company the amount of Common Stock ("Stock") shown in the Customizing Information under "Shares Granted." If so provided in the "Grant Type" shown in the Customizing Information, this Option is intended to constitute for United States income tax purposes an Incentive Stock Option and to qualify for special United States federal income tax treatment under Section 422 of the Code and upon exercise, the maximum number of shares that can be treated as Incentive Stock Options shall be so treated, and the remainder shall be treated as Nonstatutory Stock Options.

2. Grant Price. This Option may be exercised at the "Grant Price" per share shown in the Customizing Information, subject to adjustment as provided herein and in the Plan.

3. Term and Exercisability of Option. This Option shall expire at 4:00 p.m. Eastern Time on the "Expiration Date" shown in the Customizing Information, unless the Option expires earlier pursuant to this Section 3 or any provision of the Plan. At any time before its expiration, this Option may be exercised to the extent vested, as shown in the Customizing Information, provided that:

(a) at the time of exercise the Optionee is not in violation of any confidentiality, inventions, non-solicitation and/or non-competition agreement with the Company;

(b) the Optionee's employment, contractual or other service relationship with the Company ("Relationship") must be in effect on a given date in order for any scheduled increment in vesting, as set forth in the "Vesting Schedule" shown in the Customizing Information, to become effective, except as provided in Section 3(c) below

(c) this Option may not be exercised after the ninetieth (90^{th}) day following the date of termination of the Relationship between the Optionee and the Company, except that if the Relationship terminates by reason of the Optionee's death or total and permanent disability (as determined by the Board on the basis of medical advice satisfactory to it), the vested and unexercised portion of the Option shall remain exercisable thereafter for one (1) year; and

(d) in the event the Relationship is terminated for any reason (whether voluntary or involuntary), (i) the Optionee's right to vest in the Option will, except as provided in the Plan or otherwise explicitly in Sections 3(c) and 3(d) or as provided by the Committee, terminate as of the date of termination of the Relationship (and such right shall not be extended by any notice period mandated under local law), (ii) the Optionee's continuing right (if any) to exercise the Option after termination of the Relationship will be measured from the date of termination of the Relationship (and such right will not be extended by any notice period mandated under local law) and (iii) the Committee shall have the exclusive discretion to determine when the Relationship has terminated for purposes of this Option (including determining when the Optionee is no longer considered to be providing active service while on a leave of absence).

For purposes of this Section 3, the term "Company" refers to the Company and its Subsidiaries.

It is the Optionee's responsibility to be aware of the date that the Option expires.

4. Method of Exercise. Prior to its expiration and to the extent that the right to purchase shares of Stock has vested hereunder, this Option may be exercised in whole or in part from time to time by notice provided in a manner consistent with the requirements of Section 5(d) of the Plan, accompanied by payment in full of the Grant Price by means of payment acceptable to the Company in accordance with Section 5(e) of the Plan.

As soon as practicable after its receipt of notice, the Company shall, without transfer or issue tax to the Optionee (or other person entitled to exercise this Option), (i) deliver to the Optionee (or other person entitled to exercise this Option), at the principal executive offices of the Company or such other place as shall be mutually acceptable, a stock certificate or certificates for such shares out of theretofore authorized but unissued shares or treasury shares of its Stock as the Company may elect or (ii) issue shares of its Stock in book entry form; provided, however, that the time of delivery or issuance may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable requirements of law; and provided, further, that any shares delivered or issued shall remain subject to any applicable securities law or trading restrictions imposed pursuant to the terms of this Option Agreement and the Plan.

If the Optionee (or other person entitled to exercise this Option) fails to pay for and accept delivery of all of the shares specified in the notice upon tender of delivery thereof, his or her right to exercise this Option with respect to such shares not paid for may be terminated by the Company.

5. Withholding Taxes. The Optionee hereby agrees, as a condition to any exercise of this Option, to provide to the Company (or a subsidiary employing the Optionee, as applicable) an amount sufficient to satisfy the Company's and/or subsidiary's obligation to withhold any and all federal, state, local or provincial income tax, social security, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items or statutory withholdings related to the Optionee's participation in the Plan (the "Withholding Amount"), if any, by (a) authorizing the Company and/or any subsidiary employing the Optionee, as applicable, to withhold the Withholding Amount from the Optionee's cash compensation or (b) remitting the Withholding Amount to the Company (or a subsidiary employing the Optionee, as applicable) in cash; provided, however, that to the extent that the Withholding Amount is not provided by one or a combination of such methods, the Company may at its election withhold from the Stock that would otherwise be delivered upon exercise of this Option that number of shares having a Fair Market Value on the date of exercise sufficient to eliminate any deficiency in the Withholding Amount. Regardless of any action that the Company and/or subsidiary takes with respect to any or all federal, state, local or provincial income tax, social security, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items or statutory withholdings related to the Optionee's participation in the Plan, the Optionee acknowledges that he or she, and not the Company and/or any subsidiary, has the ultimate liability for any such items. Further, if the Optionee becomes subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, the Optionee acknowledges that the Company and/or subsidiary may be required to withhold or account for such tax-related items in more than one jurisdiction.

6. Non-assignability of Option. This Option shall not be assignable or transferable by the Optionee except by will or by the laws of descent and distribution or as permitted by the Committee in its discretion pursuant to the terms of the Plan. During the life of the Optionee, this Option shall be exercisable only by him or her, by a conservator or guardian duly appointed for him or her by reason of the Optionee's incapacity or by the person appointed by the Optionee in a durable power of attorney acceptable to the Company's counsel.

7. Compliance with Securities Act; Lock-Up Agreement. The Company shall not be obligated to sell or issue any shares of Stock or other securities pursuant to the exercise of this Option unless the shares of Stock or other securities with respect to which this Option is being exercised are at that time effectively registered or exempt from registration under the Securities Act and applicable state or provincial securities laws. In the event shares or other securities shall be issued that shall not be so registered, the Optionee hereby represents, warrants and agrees that he or she will receive such shares or other securities for investment and not with a view to their resale or distribution, and will execute an appropriate investment letter satisfactory to the Company and its counsel. The Optionee further hereby agrees that as a condition to the purchase of shares upon exercise of this Option, he or she will execute an agreement in a form acceptable to the Company to the effect that the shares shall be subject to any underwriter's lock-up agreement in connection with a public offering of any securities of the Company that may from time to time apply to shares held by officers and employees of the Company, and such agreement or a successor agreement must be in full force and effect.

8. Legends. The Optionee hereby acknowledges that the stock certificate or certificates (or entries in the case of book entry form) evidencing shares of Stock or other securities issued pursuant to any exercise of this Option may bear a legend (or provide a restriction) setting forth the restrictions on their transferability described in Section 7 hereof, if such restrictions are then in effect.

9. Rights as Stockholder. The Optionee shall have no rights as a stockholder with respect to any shares covered by this Option until the date of issuance of a stock certificate (or appropriate entry is made in the case of book entry form) to him or her for such shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued (or appropriate entry is made in the case of book entry form).

10. Effect Upon Employment and Performance of Services. Nothing in this Option or the Plan shall be construed to impose any obligation upon the Company or any subsidiary to employ or utilize the services of the Optionee or to retain the Optionee in its employ or to engage or retain the services of the Optionee.

11. Time for Acceptance. Unless the Optionee shall evidence his or her acceptance of this Option by electronic or other means prescribed by the Committee within sixty (60) days after its delivery, the Option shall be null and void (unless waived by the Committee).

12. Notice of Disqualifying Disposition. If the "Grant Type" shown in the Customizing Information indicates that the Option is an Incentive Stock Option, the Optionee agrees to notify the Company promptly in the event that he or she sells, transfers, exchanges or otherwise disposes of any shares of Stock issued upon exercise of the Option before the later of (a) the second anniversary of the date of grant of the Option and (b) the first anniversary of the date the shares were issued upon his or her exercise of the Option.

13. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Optionee consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Company Policies. This Option shall be subject to any applicable clawback or recoupment policies, share trading policies, and other policies that may be implemented by the Board from time to time, in accordance with applicable law.

15. Nature of Award. By accepting this Option, the Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan and this Option Agreement;

(b) the grant of this Option is voluntary and occasional and does not create any contractual or other right to receive future awards under the Plan or benefits in lieu of Plan awards, even if Options or other Plan awards have been granted in the past;

(c) all decisions with respect to future Option grants or Plan awards will be at the sole discretion of the Committee;

(d) he or she is voluntarily participating in the Plan;

(e) the future value of shares of Stock underlying the Option is unknown and cannot be predicted with certainty;

(f) if the underlying shares of Stock do not increase in value, the Option, as measured by the difference between the fair market value of the Stock and the Grant Price, will have no value;

(g) if the Optionee exercises the Option and acquires shares of Stock, the value of such shares may increase or decrease in value;

(h) if the Optionee resides and/or works outside the United States, the following additional provisions shall apply:

(i) the Option and any shares of Stock acquired under the Plan do not replace any pension or retirement rights or compensation;

(ii) the Option and any shares of Stock acquired under the Plan (including the value attributable to each) do not constitute compensation of any kind for services of any kind rendered to the Company and/or any subsidiary thereof and are outside the scope of the Optionee's employment contract, if any;

(iii) the Option and any shares of Stock acquired under the Plan (including the value attributable to each) are not part of normal or expected compensation or salary, including, but not limited to, for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, service awards, pension or retirement or welfare benefits or similar payments unless such other arrangement explicitly provides to the contrary;

(iv) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from a termination of the Relationship for any reason and in consideration of the grant of the Option, the Optionee irrevocably agrees never to institute a claim against the Company and/or any subsidiary, waives his or her ability to bring such claim and releases the Company and/or its subsidiaries from any claim; if, notwithstanding the foregoing, such claim is allowed by a court of competent jurisdiction, then by accepting this Option, the Optionee is deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims; and

(v) the Company shall not be liable for any foreign exchange rate fluctuation between the Optionee's local currency and the United States dollar that may affect the value of the Option or any amounts due pursuant to the exercise of the Option or the subsequent sale of any shares of Stock acquired upon settlement.

16. General Provisions.

(a) Amendment; Waivers. This Option Agreement, including the Plan, contains the full and complete understanding and agreement of the parties hereto as to the subject matter hereof, and except as otherwise permitted by the express terms of the Plan, this Option Agreement and applicable law, it may not be modified or amended nor may any provision hereof be waived without a further written agreement duly signed by each of the parties; provided, however, that a modification or amendment that does not materially diminish the rights of the Optionee hereunder, as they may exist immediately before the effective date of the modification or amendment, shall be effective upon written notice of its provisions to the Optionee, to the extent permitted by applicable law. The waiver by either of the parties hereto of any provision hereof in any instance shall not operate as a waiver of any other provision hereof or in any other instance. The Optionee shall have the right to receive, upon request, a written confirmation from the Company of the Customizing Information.

(b) Binding Effect. This Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, representatives, successors and assigns.

(c) Governing Law. This Option Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law.

(d) Construction. This Option Agreement is to be construed in accordance with the terms of the Plan. In case of any conflict between the Plan and this Option Agreement, the Plan shall control. The titles of the sections of this Option Agreement and of the Plan are included for convenience only and shall not be construed as modifying or affecting their provisions. The masculine gender shall include both sexes; the singular shall include the plural and the plural the singular unless the context otherwise requires. Capitalized terms not defined herein shall have the meanings given to them in the Plan.

(e) Language. If the Optionee receives this Option Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(f) Data Privacy.

(i) The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this Option Agreement by and among, as applicable, his or her employer, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.

(ii) The Optionee understands that his or her employer, the Company and its subsidiaries, as applicable, hold certain personal information about the Optionee regarding his or her employment, the nature and amount of the Optionee's compensation and the fact and conditions of the Optionee's participation in the Plan, including, but not limited to, the Optionee's name, home address, telephone number and e-mail address, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company and its subsidiaries, details of all options, awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(iii) The Optionee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these third parties may be located in the Optionee's country, or elsewhere, and that the third party's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that the Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Optionee understands that the Data will be held only as long as is necessary to implement, administer and manage Optionee's participation in the Plan. The Optionee understands that he or she may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Optionee's local human resources representative. The Optionee understands, however, that refusing or withdrawing his or her consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Optionee understands that the Optionee may contact his or her local human resources representative.

(g) Notices. Any notice in connection with this Option Agreement shall be deemed to have been properly delivered if it is delivered in the form specified by the Committee as follows:

To the Optionee:	To his or her last address provided to the Company
To the Company:	Pelthos Therapeutics Inc. 4020 Stirrup Creek Drive, Suite 110 Durham, NC 27703 Attn: Chief Financial Officer

Version Number. This document is Version 3 of the Pelthos Therapeutics Inc. 2023 Equity Incentive Plan Stock Option Agreement.

PELTHOS THERAPEUTICS INC.
2023 Equity Incentive Plan
Restricted Stock Unit Agreement

This Restricted Stock Unit Agreement and the associated grant award information (the "Customizing Information"), which Customizing Information is provided in written form (the "Restricted Stock Unit Schedule") or is available in electronic form from the record keeper for the Pelthos Therapeutics Inc. 2023 Equity Incentive Plan, as amended and restated and in effect from time to time (the "Plan"), made as of the date shown as the "Grant Date" in the Customizing Information (the "Grant Date") by and between Pelthos Therapeutics Inc., a Nevada corporation (the "Company"), and the individual identified in the Customizing Information (the "Recipient"). This instrument and the Customizing Information are collectively referred to as the "Restricted Stock Unit Agreement."

WITNESSETH THAT:

WHEREAS, the Company has instituted the Plan; and

WHEREAS, the Board or the Compensation Committee (the "Committee") has authorized the grant of restricted stock units with respect to the Company's Common Stock ("Stock") upon the terms and conditions set forth below and pursuant to the Plan, a copy of which is incorporated herein; and

WHEREAS, the Recipient acknowledges that he or she has carefully read this Restricted Stock Unit Agreement and agrees, as provided in Section 16(a) below, that the terms and conditions of the Restricted Stock Unit Agreement reflect the entire understanding between himself or herself and the Company regarding this restricted stock unit award (and the Recipient has not relied upon any statement or promise other than the terms and conditions of the Restricted Stock Unit Agreement with respect to this restricted stock unit award);

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Recipient agree as follows.

1. Grant. Subject to the terms of the Plan and this Restricted Stock Unit Agreement, the Company hereby grants to the Recipient that number of restricted stock units ("RSUs") equal to the corresponding number of shares of the Company's Stock (the "Underlying Shares") shown in the Customizing Information under "Restricted Stock Units Granted."

2. Vesting.

(a) In General. If the Recipient remains in an employment, contractual or other service relationship with the Company ("Relationship") as of a "Vesting Date," as specified in the Customizing Information, and the Recipient as of such date is not in violation of any confidentiality, inventions, non-solicitation and/or non-competition agreement with the Company, all or a portion, as applicable (the "Incremental Amount," as specified in the Customizing Information), of the RSUs shall vest on such date. For the avoidance of doubt, except as otherwise provided pursuant to the terms of the Plan and Section 2(b), if the Recipient's Relationship with the Company is terminated by the Company or by the Recipient for any reason, whether voluntarily or involuntarily, no RSUs granted pursuant to this Restricted Stock Unit Agreement shall vest under any circumstances on and after the date of such termination.

(b) Committee Discretion. In the event the Relationship is terminated for any reason (whether voluntary or involuntary), (i) the Recipient's right to vest in the RSU will, except as provided in the Plan or otherwise explicitly in this Section 2(b) or as provided by the Committee, terminate as of the date of the termination of the Relationship (and will not be extended by any notice period mandated under local law) and (ii) the Committee shall have the exclusive discretion to determine when the Relationship has terminated for purposes of this RSU (including when the Recipient is no longer considered to be providing active service while on a leave of absence).

(c) Special Definitions. For purposes of this Section 2, the term "Company" refers to the Company and its Subsidiaries.

3. Dividends. A Recipient shall, if so provided at the time of Grant, be credited with dividend equivalents equal to the dividends the Recipient would have received if the Recipient had been the actual record owner of the Underlying Shares on each dividend record date on or after the Grant Date and through the date the Recipient receives a settlement pursuant to Section 4 below (the "Dividend Equivalent"). If a dividend on the Stock is payable wholly or partially in Stock, the Dividend Equivalent representing that portion shall be in the form of additional RSUs, credited on a one-for-one basis. If a dividend on the Stock is payable wholly or partially in cash, the Dividend Equivalent representing that portion shall also be in the form of cash and a Recipient shall be treated as being credited with any cash dividends, without earnings, until settlement pursuant to Section 4 below. If a dividend on Stock is payable wholly or partially in other than cash or Stock, the Committee may, in its discretion, provide for such Dividend Equivalents with respect to that portion as it deems appropriate under the circumstances. Dividend Equivalents shall be subject to the same terms and conditions as the RSUs originally awarded pursuant to this Restricted Stock Unit Agreement, and they shall vest (or, if applicable, be forfeited) as if they had been granted at the same time as the original RSU. Dividend Equivalents representing the cash portion of a dividend on Stock shall be settled in cash.

4. Delivery of Underlying Shares or Cash Settlement. With respect to any RSUs that become vested RSUs as of a Vesting Date pursuant to Section 2, the Company shall issue and deliver to the Recipient as soon as practicable following the applicable Vesting Date (a) the number of Underlying Shares equal to the number of RSUs vesting on that date or an amount of cash equal to the Fair Market Value, as defined in the Plan, of such Underlying Shares as of that date (or such later delivery date, if applicable) and (b) the amount (and in the form) due with respect to the Dividend Equivalents applicable to such Underlying Shares. Whether Underlying Shares, or the cash value thereof, shall be issued or paid at settlement shall be determined based on the "Form of Settlement" specified in the Customizing Information.

To the extent the vesting of any RSUs occurs during a "blackout" period wherein certain employees, including the Recipient, are precluded from selling Stock, the Committee retains the right, in its sole discretion, to defer the delivery of the Underlying Shares; provided, however, that the Committee shall not exercise its right to defer the Recipient's receipt of the Underlying Shares if the Stock is specifically covered by a Rule 10b5-1 trading plan of the Recipient that causes the Stock to be exempt from any applicable blackout period then in effect. In the event the receipt of any shares of Stock is deferred hereunder due to the existence of a blackout period, the shares shall be issued to the Recipient on the first day following the termination of the blackout period; provided, however, that in no event shall the issuance of the shares be deferred later than the fifteenth day of the third month following the close of the year in which the Underlying Shares otherwise would have been issued.

Any shares issued pursuant to this Restricted Stock Unit Agreement shall be issued, without issue or transfer tax, by (i) delivering a stock certificate or certificates for such shares out of theretofore authorized but unissued shares or treasury shares of its Stock as the Company may elect or (ii) issuance of shares of its Stock in book entry form; provided, however, that the time of such delivery may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with any applicable requirements of law. Notwithstanding the preceding provisions of this Section 4, delivery of Underlying Shares shall be made, or the amount of cash equivalent thereto shall be paid, only if the required purchase price designated as the "Purchase Price" shown in the Customizing Information per underlying RSU is paid to the Company by means of payment acceptable to the Company in accordance with the terms of the Plan. If the Recipient fails to pay for or accept delivery of all of the shares, the right to shares of Stock provided pursuant to this RSU may be terminated by the Company.

5. Withholding Taxes. The Recipient hereby agrees, as a condition of this award, to provide to the Company (or a subsidiary employing the Recipient, as applicable) an amount sufficient to satisfy the Company's and/or subsidiary's obligation to withhold any and all federal, state, local or provincial income tax, social security, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items or statutory withholdings related to the Recipient's participation in the Plan (the "Withholding Amount"), if any, by (a) authorizing the Company and/or any subsidiary employing the Recipient, as applicable, to withhold the Withholding Amount from the Recipient's cash compensation or (b) remitting the Withholding Amount to the Company (or a subsidiary employing the Recipient, as applicable) in cash; provided, however, that to the extent that the Withholding Amount is not provided by one or a combination of such methods, the Company may at its election withhold from the Underlying Shares and Dividend Equivalents that would otherwise be delivered that number of shares (and/or cash) having a Fair Market Value on the date of vesting sufficient to eliminate any deficiency in the Withholding Amount. Regardless of any action that the Company and/or subsidiary takes with respect to any or all federal, state, local or provincial income tax, social security, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items or statutory withholdings related to the Recipient's participation in the Plan, the Recipient acknowledges that he or she, and not the Company and/or any subsidiary, has the ultimate liability for any such items. Further, if the Recipient becomes subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, the Recipient acknowledges that the Company and/or subsidiary may be required to withhold or account for such tax-related items in more than one jurisdiction.

6. Non-assignability of RSUs and Dividend Equivalents. RSUs and Dividend Equivalents shall not be assignable or transferable by the Recipient except by will or by the laws of descent and distribution or as permitted by the Committee in its discretion pursuant to the terms of the Plan. During the life of the Recipient, delivery of shares of Stock or payment of cash as settlement of RSUs and Dividend Equivalents shall be made only to the Recipient, to a conservator or guardian duly appointed for the Recipient by reason of the Recipient's incapacity or to the person appointed by the Recipient in a durable power of attorney acceptable to the Company's counsel.

7. Compliance with Securities Act; Lock-Up Agreement. The Company shall not be obligated to sell or issue any Underlying Shares or other securities in settlement of RSUs and Dividend Equivalents hereunder unless the shares of Stock or other securities are at that time effectively registered or exempt from registration under the Securities Act and applicable state or provincial securities laws. In the event shares or other securities shall be issued that shall not be so registered, the Recipient hereby represents, warrants and agrees that the Recipient will receive such shares or other securities for investment and not with a view to their resale or distribution, and will execute an appropriate investment letter satisfactory to the Company and its counsel. The Recipient further hereby agrees that as a condition to the settlement of RSUs and Dividend Equivalents, the Recipient will execute an agreement in a form acceptable to the Company to the effect that the shares shall be subject to any underwriter's lock-up agreement in connection with a public offering of any securities of the Company that may from time to time apply to shares held by officers and employees of the Company, and such agreement or a successor agreement must be in full force and effect.

8. Legends. The Recipient hereby acknowledges that the stock certificate or certificates (or entries in the case of book entry form) evidencing shares of Stock or other securities issued pursuant to any settlement of an RSU or Dividend Equivalent hereunder may bear a legend (or provide a restriction) setting forth the restrictions on their transferability described in Section 7 hereof, if such restrictions are then in effect.

9. Rights as Stockholder. The Recipient shall have no rights as a stockholder with respect to any RSUs, Dividend Equivalents or Underlying Shares until the date of issuance of a stock certificate (or appropriate entry is made in the case of book entry form) for Underlying Shares and any Dividend Equivalents. Except as provided by Section 3, no adjustment shall be made for any rights for which the record date is prior to the date such stock certificate is issued (or appropriate entry is made in the case of book entry form), except to the extent the Committee so provides, pursuant to the terms of the Plan and upon such terms and conditions it may establish.

10. Effect Upon Employment and Performance of Services. Nothing in this Restricted Stock Unit Agreement or the Plan shall be construed to impose any obligation upon the Company or any subsidiary to employ or utilize the services of the Recipient or to retain the Recipient in its employ or to engage or retain the services of the Recipient.

11. Time for Acceptance. Unless the Recipient shall evidence acceptance of this Restricted Stock Unit Agreement by electronic or other means prescribed by the Committee within sixty (60) days after its delivery, the RSUs and Dividend Equivalents shall be null and void (unless waived by the Committee).

12. Section 409A of the Internal Revenue Code. The RSUs and Dividend Equivalents granted hereunder are intended to avoid the potential adverse tax consequences to the Recipient of Section 409A of the Code and the Committee may make such modifications to this Restricted Stock Unit Agreement as it deems necessary or advisable to avoid such adverse tax consequences. If and to the extent that the RSUs and Dividend Equivalents are subject to Section 409A, in addition to the provisions of Section 12(e) of the Plan, any payment upon termination of the Relationship shall be made only upon a "separation from service" under Section 409A, and the Recipient may not directly or indirectly designate the calendar year of a payment.

13. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Recipient consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Company Policies. This RSU shall be subject to any applicable clawback or recoupment policies, share trading policies, and other policies that may be implemented by the Board from time to time, in accordance with applicable law.

15. Nature of Award. By accepting this RSU, the Recipient acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan and this Restricted Stock Unit Agreement;

(b) the grant of this RSU is voluntary and occasional and does not create any contractual or other right to receive future awards under the Plan or benefits in lieu of Plan awards, even if RSUs or other Plan awards have been granted in the past;

(c) all decisions with respect to future RSU awards will be at the sole discretion of the Committee;

(d) he or she is voluntarily participating in the Plan;

(e) the future value of the Underlying Shares is unknown and cannot be predicted with certainty;

(f) if the Recipient resides and/or works outside the United States, the following additional provisions shall apply:

(i) this RSU, including any Dividend Equivalents, and the Underlying Shares are not intended to replace any pension rights or compensation;

(ii) this RSU, including any Dividend Equivalents, and the Underlying Shares (including value attributable to each) do not constitute compensation of any kind for services of any kind rendered to the Company and/or any subsidiary thereof and are outside the scope of the Recipient's employment contract, if any;

(iii) this RSU, including any Dividend Equivalents, and any Underlying Shares (including the value attributable to each) are not part of normal or expected compensation or salary, including, but not limited to, for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, service awards, pension or retirement or welfare benefits or similar payments unless such other arrangement explicitly provides to the contrary;

(iv) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU, including any Dividend Equivalents, resulting from the Recipient's termination of the Relationship for any reason, and in consideration of this RSU, including any Dividend Equivalents, the Recipient irrevocably agrees never to institute a claim against the Company and/or subsidiary, waives his or her ability to bring such claim and releases the Company and/or subsidiary from any claim; if, notwithstanding the foregoing, such claim is allowed by a court of competent jurisdiction, then by accepting this RSU, including any Dividend Equivalents, the Recipient is deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims; and

(g) the Company shall not be liable for any foreign exchange rate fluctuation between the Recipient's local currency and the United States dollar that may affect the value of this RSU or any amounts due pursuant to the settlement of the RSU or the subsequent sale of any Underlying Shares acquired upon settlement.

16. General Provisions.

(a) Amendment; Waivers. This Restricted Stock Unit Agreement, including the Plan, contains the full and complete understanding and agreement of the parties hereto as to the subject matter hereof, and except as otherwise permitted by the express terms of the Plan and this Restricted Stock Unit Agreement and applicable law, it may not be modified or amended nor may any provision hereof be waived without a further written agreement duly signed by each of the parties; provided, however, that a modification or amendment that does not materially diminish the rights of the Recipient hereunder, as they may exist immediately before the effective date of the modification or amendment, shall be effective upon written notice of its provisions to the Recipient, to the extent permitted by applicable law. The waiver by either of the parties hereto of any provision hereof in any instance shall not operate as a waiver of any other provision hereof or in any other instance. The Recipient shall have the right to receive, upon request, a written confirmation from the Company of the Customizing Information.

(b) Binding Effect. This Restricted Stock Unit Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, representatives, successors and assigns.

(c) Fractional RSUs, Underlying Shares and Dividend Equivalents. All fractional Underlying Shares and Dividend Equivalents settled in Stock resulting from the application of the Vesting Schedule or the adjustment provisions contained in the Plan shall be rounded down to the nearest whole share. If cash in lieu of Underlying Shares is delivered at settlement, or Dividend Equivalents are settled in cash, the amount paid shall be rounded down to the nearest penny.

(d) Governing Law. This Restricted Stock Unit Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law.

(e) Construction. This Restricted Stock Unit Agreement is to be construed in accordance with the terms of the Plan. In case of any conflict between the Plan and this Restricted Stock Unit Agreement, the Plan shall control. The titles of the sections of this Restricted Stock Unit Agreement and of the Plan are included for convenience only and shall not be construed as modifying or affecting their provisions. The masculine gender shall include both sexes; the singular shall include the plural and the plural the singular unless the context otherwise requires. Capitalized terms not defined herein shall have the meanings given to them in the Plan.

(f) Language. If the Recipient receives this Restricted Stock Unit Agreement, or any other document related to this RSU and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(g) Data Privacy.

(i) The Recipient hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Recipient's personal data as described in this Restricted Stock Unit Agreement by and among, as applicable, his or her employer, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing the Recipient's participation in the Plan.

(ii) The Recipient understands that his or her employer, the Company and its subsidiaries, as applicable, hold certain personal information about the Recipient regarding his or her employment, the nature and amount of the Recipient's compensation and the fact and conditions of the Recipient's participation in the Plan, including, but not limited to, the Recipient's name, home address, telephone number and e-mail address, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company and its subsidiaries, details of all options, awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Recipient's favor, for the purpose of implementing, administering and managing the Plan (the "Data").

(iii) The Recipient understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these third parties may be located in the Recipient's country, or elsewhere, and that the third party's country may have different data privacy laws and protections than the Recipient's country. The Recipient understands that the Recipient may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Recipient authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Recipient's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Recipient understands that the Data will be held only as long as is necessary to implement, administer and manage Recipient's participation in the Plan. The Recipient understands that he or she may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Recipient's local human resources representative. The Recipient understands, however, that refusing or withdrawing his or her consent may affect the Recipient's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Recipient understands that the Recipient may contact his or her local human resources representative.

(h) Notices. Any notice in connection with this Restricted Stock Unit Agreement shall be deemed to have been properly delivered if it is delivered in the form specified by the Committee as follows:

To the Recipient:	Last address provided to the Company
To the Company:	Pelthos Therapeutics Inc. 4020 Stirrup Creek Drive, Suite 110 Durham, NC 27703 Attn: Chief Financial Officer

(i) Version Number. This document is Version 3 of the Pelthos Therapeutics Inc. 2023 Equity Incentive Plan Restricted Stock Unit Agreement.

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "Agreement") is made as of July 1, 2025, by and between Pelthos Therapeutics, Inc., a Nevada Corporation, (the "Company"), and Scott Plesha (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to employ the Executive as its Chief Executive Officer and provide adequate assurances to the Executive and the Executive desires to accept such employment on the terms set forth below.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein, and of other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the Company and the Executive agree as follows:

1. Employment. Effective as of July 1, 2025 (the "Start Date"), the Company hereby employs the Executive and the Executive hereby accepts employment as Chief Executive Officer upon the terms and conditions of this Agreement.

2. Duties. Executive will serve as the Company's Chief Executive Officer, reporting to the Company's Board of Directors (the "Board"). The Executive will have such authority, and will faithfully perform all of the duties, normally associated with the position of Chief Executive Officer, including but not limited to all duties set forth in this Agreement, and all additional duties consistent with such position that are reasonably prescribed from time to time by the Board of Directors of the Company. The Executive shall devote Executive's full business time and attention to perform Executive's duties and responsibilities on behalf of the Company and in furtherance of its best interests; provided, however, that subject to Executive's obligations hereunder, Executive shall be permitted to make personal investments, perform reasonable volunteer services, and serve on the board of one or more charitable organizations or for-profit entities, to the extent such entities are not competitive to the Company (as reasonably determined by the Company's Board of Directors), and to the extent Executive's outside activities do not conflict or interfere with Executive's duties to the Company. Executive shall comply with all Company policies, standards, rules and regulations (the "Company Policies") as may exist from time to time and all applicable government laws, rules and regulations that are now or hereafter in effect.

3. Term. Unless earlier terminated as provided herein, the initial term of this Agreement shall commence on the Start Date and shall continue until terminated by either party as provided in Section 5 below. The period from the Start Date through the date of the termination of Executive's employment hereunder is referred to herein as the "Term."

4. Compensation. During the Term, as compensation for the services rendered by the Executive under this Agreement, the Executive shall be entitled to receive the following (all payments are subject to applicable withholdings):

(a) Base Salary. The Executive shall receive an annual salary of $438,000.00 (less applicable withholdings) ("Base Salary") payable in accordance with the payroll policies of the Company. The Base Salary will be reviewed by the Company from time to time, and may be adjusted in the sole discretion of the Company.

(b) Bonuses. Each fiscal year during the Term, Executive shall be eligible for an annual bonus, the amount of which is based on the achievement of annual goals set by the Company and Board of Directors at the beginning of each fiscal year for such fiscal year (the "Annual Bonus"), which achievement shall be determined as of the last day of such fiscal year. For the fiscal year during which the Start Date occurs, the Executive shall be eligible for a prorated Annual Bonus based on the same criteria but the amount of which shall be reduced based on the percentage of the fiscal year the Executive was employed by the Company, which shall include only the time from the Start Date through the last of such fiscal year. The Annual Bonus shall be a target of 50% of the Base Salary. The Annual Bonus shall be paid in cash, equity, or a combination of both, in the Company's sole discretion, taking into consideration the overall health and condition of the Company at the end of the applicable fiscal year. The Annual Bonus shall be paid in accordance with the Company's regular bonus payment procedures, and, in all events, will be paid no later than 90 days following the end of the fiscal year in which the Annual Bonus was earned. In order to be eligible to receive the Annual Bonus, Executive must be employed by the Company on the last day of the fiscal year for which the Annual Bonus was earned.

(c) Benefits. The Executive shall be entitled to receive those benefits provided from time to time to other similarly situated executive employees of the Company, in accordance with the terms and conditions of the applicable plan documents, provided that the Executive meets the eligibility requirements thereof. All such benefits are subject to amendment or termination from time to time by the Company without the consent of the Executive or any other employee of the Company.

(d) Business Expenses. The Company shall pay, or reimburse the Executive for, all reasonable and appropriate expenses incurred by the Executive in connection with the performance of Executive's duties hereunder; provided that the Executive complies with the Company Policies for the reimbursement or advancement of business expenses that are in effect from time to time.

(e) Equity Participation. Subject to the approval of the Company's Board of Directors (the "Board"), Executive will be granted equity awards covering 2,550,000 shares of the Company's common stock in the form of stock options and 836,778 shares of the Company's common stock in the form of restricted stock units as determined by the Board (such award or awards, the "Initial Equity Award"). For clarity, these Initial Equity Awards are being granted prior to the planned reverse stock split. The Initial Equity Awards will vest as to 33% of the total number of shares subject to the Initial Equity Award on the date that is one year after the date of this Agreement; thereafter, the remainder of the Initial Equity Award will vest in eight substantially equal quarterly installments on the last day of each quarter (i.e., every three calendar months), until fully vested, subject, in each case, to Executive's continued employment by the Company through each such vesting date. The Initial Equity Award will be subject to the terms of the Company's Amended and Restated 2023 Equity Incentive Plan (as amended from time to time, the "Plan") and one or more grant agreements to be entered between Executive and the Company.

5. **Termination.** This Agreement and the Executive's employment by the Company shall or may be terminated, as the case may be, as set forth below.

(a) **Termination by the Executive.** The Executive may terminate this Agreement and Executive's employment with the Company as follows:

(i) **Voluntary Resignation.** For any reason other than Good Reason (as defined below), 30 days after written notice of the Executive's resignation is received by the Company.

(ii) **For Good Reason.** For purposes of this Agreement, the Executive's termination of Executive's employment will be deemed to have been for "Good Reason" if the Executive resigns within six months after any of the following conditions having arisen without Executive's prior written consent and after having given the Company written notice of the existence of such condition within 90 days of the Executive's knowledge of the existence of the condition and providing the Company with 30 days to remedy the condition: (A) a material diminution in the Executive's Base Salary; (B) a material diminution in the Executive's authority, duties, or responsibility by the assignment to Executive of authority, duties, or responsibilities materially inconsistent with Executive's position; or (C) any breach by the Company of any material provision of this Agreement or any other written agreement with the Executive.

(b) **Termination by the Company.** The Company may terminate this Agreement and the Executive's employment by the Company immediately upon written notice to the Executive (or Executive's personal representative):

(i) **Without Cause.** At any time and for any reason other than due to Executive's permanent disability or for Cause (each as described below).

(ii) Disability. If the Executive is "permanently disabled" (as defined herein), in which case this Agreement shall terminate immediately; provided that, such termination shall not prejudice any benefits payable to the Executive, the Executive's spouse or beneficiaries which are fully vested as of the date of the termination of this Agreement. For purposes of this Agreement, "permanently disabled" means the inability of Executive, due to the condition of Executive's physical, mental or emotional health, effectively to perform the essential functions of Executive's job with or without reasonable accommodation for a continuous period of at least 90 days or for 90 days in any period of 120 consecutive days, as determined by the Company in good faith. In any event, the Company will comply fully with the applicable provisions of the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, and any similar applicable law. For purposes of making a determination as to whether a Disability exists, at the Company's request Executive agrees to make himself available and to cooperate in a reasonable examination by a reputable independent physician retained by the Company and to authorize the disclosure and release to the Company of all medical records related to such examination.

(iii) For Cause. The term "Cause", as used herein, shall mean: (A) Any material breach of the terms of this Agreement, or of any other written agreement with the Executive, by the Executive; (B) Executive's fraud, embezzlement or misappropriation with respect to the Company; (C) Executive's willful or grossly negligent misconduct that has or may reasonably be expected to have a material adverse effect on the property, business, or reputation of the Company; (D) Executive's willful failure or refusal to perform Executive's material duties under this Agreement or willful failure to follow any specific lawful instructions of the CEO or Board of Directors; (E) Executive's conviction or plea of nolo contendere in respect of a felony or of a misdemeanor involving moral turpitude; or (F) Executive's material failure to comply with the Company's workplace rules, policies, or procedures. In the event that the Company concludes that Executive has engaged in acts constituting Cause as defined in clause (A), (D) or (F) above, prior to terminating this Agreement for Cause the Company will provide Executive with at least 30 days' advance notice of the circumstances constituting such Cause, and an opportunity to correct such circumstances (as determined in the sole discretion of the Company), to the extent such circumstances are susceptible of being corrected.

(c) Death. Upon the death of the Executive, this Agreement shall terminate immediately; provided that, such termination shall not prejudice any benefits payable to the Executive's spouse or beneficiaries which are vested as of the date of death.

(d) During any notice period under Sections 5(a)(i) or 5(b)(iii), the Company may, in its sole discretion, relieve Executive of some or all of Executive's duties during the notice period, but the Company will continue to provide Executive with all required salary and benefits during such period.

6. Obligations upon Termination.

(a) Generally. When Executive's employment with the Company is terminated for any reason, Executive, or Executive's estate, as the case may be, will be entitled to receive the compensation and benefits earned through the effective date of termination, along with reimbursement for any unreimbursed business expenses incurred through the date of termination that Executive has timely submitted (or does timely submit) for reimbursement in accordance with the Company's expense reimbursement policy or practice. Except as provided in Section 6(b) below (and subject to the conditions described therein) or as otherwise required by law, the Company will have no other obligations to Executive in the event of the termination of this Agreement for any reason.

(b) Separation Benefits upon Certain Terminations not in Connection with a Change in Control. If the Company terminates Executive's employment without Cause pursuant to Section 5(b)(i), or if Executive resigns for Good Reason pursuant to Section 5(a)(ii), then conditioned upon Executive executing and not revoking a Release (as described below) following such termination, the Company will provide Executive with the following benefits (together, the "Separation Benefits"): (i) the Company will pay Executive an amount of severance equal to 18 months of Executive's then-current Base Salary; (ii) the vesting of all stock options and other equity awards will be accelerated by the number of months of severance described above, such that, as of the Termination Date, the number of vested options shall be equal to that which would have vested had Executive remained employed through the severance period; and (iii) if Executive is enrolled in the Company's group health plan immediately prior to termination and timely elects continued health insurance coverage pursuant to COBRA, the Company will pay to such plan or reimburse Executive (at the Company's election) an amount equal to the Company's share of the insurance premiums (which will be based on Executive's level of coverage immediately prior to termination), for the same period over which severance is paid or until Executive becomes eligible for group health insurance coverage under another employer's plan, whichever occurs first, provided however, that the Company will have the right to terminate such payment of COBRA premiums on behalf of Executive and instead pay Executive a lump sum amount equal to the COBRA premium times the number of months remaining in the specified period if the Company determines in its discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code. The Separation Benefits described in clause (i) above will be payable to Executive over time in accordance with the Company's payroll practices and procedures beginning on the 60th day following the termination of Executive's employment with the Company, provided that the first installment will include all amounts that would have been paid if such payments had commenced effective on the date of termination. For avoidance of doubt, the termination of Executive's employment as a result of Executive's death or Disability will not constitute a termination without Cause triggering the rights described herein.

(c) Separation Benefits upon Certain Terminations in Connection with a Change in Control. If the Company terminates Executive's employment without Cause pursuant to Section 5(b)(i), or if Executive resigns for Good Reason pursuant to Section 5(a)(ii), at the time of, or within six months of, a Change in Control (as defined below), then conditioned upon Executive executing and not revoking a Release (as described below), the Company will provide Executive with the following benefits (together, the "CIC Separation Benefits"): (i) the Company will pay Executive an amount of severance equal to 24 months of Executive's then-current Base Salary; (ii) the vesting of all stock options and other equity awards will be accelerated by the number of months of severance described above, such that, as of the Termination Date, the number of vested options shall be equal to that which would have vested had Executive remained employed through the severance period; and (iii) if Executive is enrolled in the Company's group health plan immediately prior to termination and timely elects continued health insurance coverage pursuant to COBRA, the Company will pay to such plan or reimburse Executive (at the Company's election) an amount equal to the Company's share of the insurance premiums (which will be based on Executive's level of coverage immediately prior to termination), for the same period over which severance is paid or until Executive becomes eligible for group health insurance coverage under another employer's plan, whichever occurs first, provided however, that the Company will have the right to terminate such payment of COBRA premiums on behalf of Executive and instead pay Executive a lump sum amount equal to the COBRA premium times the number of months remaining in the specified period if the Company determines in its discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code. The CIC Separation Benefits described in clause (i) above will be payable to Executive over time in accordance with the Company's payroll practices and procedures beginning on the 60th day following the termination of Executive's employment with the Company, provided that the first installment will include all amounts that would have been paid if such payments had commenced effective on the date of termination. For avoidance of doubt, the termination of Executive's employment as a result of Executive's death or Disability will not constitute a termination without Cause triggering the rights described herein.

(d) Release. The Company's obligation to provide the Separation Benefits is conditioned upon Executive: (i) executing and returning a release containing a comprehensive release of all claims against the Company, its affiliates, and their respective representatives (the "Release") within the time periods prescribed by the Release (but, in any event, no later than 60 days following the date of termination), which Release is not revoked within any time period allowed for revocation under applicable law; and (ii) continuing to comply with the terms of this Agreement (including any agreements specifically referenced herein). The Company will provide the Release to Executive within seven (7) days after the effective date of termination.

(e) Application of Internal Revenue Code Section 409A. The parties intend that this Agreement and the payments made hereunder will be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), and this Agreement will be interpreted and applied to the greatest extent possible in a manner that is consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Section 6 that constitute "deferred compensation" within the meaning of Section 409A will not commence in connection with Executive's termination of employment unless and until Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h)). The parties intend that each installment of the Separation Benefits provided for in this Agreement is a separate "payment" for purposes of Section 409A. For the avoidance of doubt, the parties intend that the Separation Benefits satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4) and 1.409A-1(b)(9). However, if the Company determines that the Separation Benefits constitute "deferred compensation" under Section 409A and Executive is, as of the separation from service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payment of the Separation Benefits will be delayed until the earlier to occur of: (i) the date that is six months and one day after Executive's separation from service, or (ii) the date of Executive's death (such applicable date, the "Specified Employee Initial Payment Date"), and the Company (or the successor entity thereto, as applicable) will (A) pay to Executive a lump sum amount equal to the sum of the Separation Benefits payments that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of said benefits had not been so delayed pursuant to this Section, and (B) commence paying the balance of the Separation Benefits in accordance with the applicable payment schedules set forth in this Agreement.

(f) No Further Obligations. Except as expressly provided above or as otherwise required by law, the Company will have no obligations to Executive in the event of the termination of this Agreement for any reason.

7. Confidentiality and Restrictive Covenants. As part of Executive's employment with the Company, Executive will be exposed to, and provided with, valuable confidential and/or trade secret information concerning the Company and its present and prospective customers. As a result, in order to protect the Company's legitimate business interests and as a condition of employment and in exchange for the consideration provided in this Agreement, Executive agrees to contemporaneously execute a Noncompetition Proprietary Information and Inventions Assignment Agreement ("NPIIA") in the form attached hereto as Exhibit A.

8. Representations and Warranties.

(a) The Executive represents and warrants to the Company that the Executive's performance of this Agreement and as an employee of the Company does not and will not breach any non-competition agreement or any agreement to keep in confidence proprietary information acquired by the Executive in confidence or in trust prior to the Executive's employment by the Company. The Executive represents and warrants to the Company that the Executive has not entered into, and agrees not to enter into, any agreement that conflicts with or violates this Agreement.

(b) The Executive represents and warrants to the Company that the Executive has not brought and shall not bring with the Executive to the Company, or use in the performance of the Executive's responsibilities for the Company, any materials or documents of a former employer which are not generally available to the public or which did not belong to the Executive prior to the Executive's employment with the Company, unless the Executive has obtained written authorization from the former employer or other owner for their possession and use and provided the Company with a copy thereof.

9. Cooperation. Upon the receipt of reasonable notice from the Company (including its counsel), the Executive agrees that while employed by the Company and thereafter, the Executive will respond and provide information with regard to matters in which the Executive has knowledge as a result of the Executive's employment with the Company, and will, at the Company's expense, provide reasonable assistance to the Company, its affiliates and their respective representatives in defense of all claims that may be made against the Company or its affiliates, and will assist the Company and its affiliates in the prosecution of all claims that may be made by the Company or its affiliates, to the extent that such claims may relate to the period of the Executive's employment or service with the Company. Following the Term, the Company will reasonably cooperate with Executive regarding the scheduling of such instances of cooperation under this Section 9, taking into account Executive's professional and personal commitments. The Executive agrees to promptly inform the Company if the Executive becomes aware of any lawsuit involving such claims that is likely to be filed or threatened against the Company or its affiliates. The Executive also agrees to promptly inform the Company (to the extent that the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of the Company or its affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or its affiliates with respect to such investigation, and shall not do so unless legally required. Upon presentation of appropriate documentation, the Company shall reimburse the Executive for any reasonable expenses the Executive incurs in connection with the Executive's cooperation under this provision.

10. Notices. All notices, requests, consents, approvals, and other communications to, upon, and between the parties shall be in writing and shall be deemed to have been given, delivered, made, and received when: (a) personally delivered; (b) deposited for next day delivery by Federal Express, or other similar overnight courier services; (c) transmitted via telefacsimile or other similar device to the attention of the Company's Vice President, Human Resources with receipt acknowledged; or (d) three days after being sent or mailed by certified mail, postage prepaid and return receipt requested, addressed as follows:

If to the Company:

Peter Greenleaf
Chairman of the Board
77 Upper Rock Circle – Suite 700
Rockville, MD 20850 USA

If to the Executive:

Scott Plesha
Chief Executive Officer
2608 Ion Avenue
Sullivan's Island, SC 29482

11. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and, in the case of Executive, heirs, executors, and/or personal representatives. The Company may freely assign or transfer this Agreement to an affiliated company or to a successor following a merger, consolidation, sale of assets, or other business transaction. Executive may not assign, delegate or otherwise transfer any of Executive's rights, interests or obligations in this Agreement without the prior written approval of the Company.

12. Entire Agreement. Except as expressly provided in this Agreement and except for the Confidentiality Agreement, this Agreement: (i) supersedes all other understandings and agreements, oral or written, between the parties with respect to the subject matter of this Agreement; and (ii) constitutes the sole agreement between the parties with respect to this subject matter. Each party acknowledges that: (A) no representations, inducements, promises or agreements, oral or written, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement; and (B) no agreement, statement or promise not contained in this Agreement shall be valid. No change or modification of this Agreement shall be valid or binding upon the parties unless such change or modification is in writing and is signed by the parties.

13. Severability. Each provision of this Agreement is severable from every other provision of this Agreement. If a court of competent jurisdiction holds that any provision or sub-part thereof contained in this Agreement is invalid, illegal or unenforceable, that invalidity, illegality or unenforceability shall not affect, impair, or invalidate any other provision in this Agreement. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

14. **Amendment and Waiver.** No provision of this Agreement, including the provisions of this Section, may be amended, modified, superseded, deleted, or waived in any manner except by a written agreement executed by the parties. Further, the Company's or the Executive's waiver of any breach of a provision of this Agreement shall not waive any subsequent breach by the other party.

15. **Governing Law.** This Agreement and the employment relationship created by it shall be governed by North Carolina law without giving effect to North Carolina choice of law provisions.

16. **Consent to Jurisdiction and Venue.** Each of the parties agrees that any suit, action, or proceeding arising out of this Agreement may be instituted against it in the Superior Court of Wake County, North Carolina or in the United States District Court for the Eastern District of North Carolina (assuming that such court has subject matter jurisdiction over such suit, action or proceeding). Each of the parties hereby waives any objection that it may have to the venue of any such suit, action, or proceeding, and each of the parties hereby irrevocably consents to the personal jurisdiction of any such court in any such suit, action, or proceeding.

17. **Counterparts; Electronic Delivery.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument reflecting the terms of the Agreement. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. ESIGN Act of 2000, e.g., Docusign) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

18. **Headings; Construction.** The headings herein are for convenience only and shall not affect the interpretation of this Agreement. This Agreement will be construed as if drafted jointly by the Company and Executive and no presumption or burden of proof will arise favoring or disfavoring the Company or Executive by virtue of the authorship of any provision in this Agreement. All words in this Agreement will be construed to be of such gender or number as the circumstances require.

19. **Obligations Survive Termination of Employment.** The termination of Executive's employment for whatever reason will not impair or relieve Executive of any of Executive's obligations under this Agreement which, by their express terms or by implication, extend beyond the term of Executive's employment.

[Signature Page Immediately Follows]

IN WITNESS WHEREOF, the parties have executed this Executive Employment Agreement as of the day and year first above written.

Pelthos Therapeutics, INC.

By: /s/ Peter Greenleaf
Name: Peter Greenleaf
Title: Chairman of the Board

EXECUTIVE:

/s/ Scott Plesha
Scott Plesha

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "Agreement") is made as of July 1, 2025, by and between Pelthos Therapeutics, Inc., a Nevada Corporation, (the "Company"), and Frank Knuettel (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to employ the Executive as its Chief Financial Officer and provide adequate assurances to the Executive and the Executive desires to accept such employment on the terms set forth below.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein, and of other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the Company and the Executive agree as follows:

1. Employment. Effective as of July 1, 2025 (the "Start Date"), the Company hereby employs the Executive and the Executive hereby accepts employment as Chief Financial Officer upon the terms and conditions of this Agreement.

2. Duties. Executive will serve as the Company's Chief Financial Officer, reporting to the Company's Chief Executive Officer (the "CEO"). The Executive will have such authority, and will faithfully perform all of the duties, normally associated with the position of Chief Financial Officer, including but not limited to all duties set forth in this Agreement, and all additional duties consistent with such position that are reasonably prescribed from time to time by the Chief Executive Officer of the Company. The Executive shall devote Executive's full business time and attention to perform Executive's duties and responsibilities on behalf of the Company and in furtherance of its best interests; provided, however, that subject to Executive's obligations hereunder, Executive shall be permitted to make personal investments, perform reasonable volunteer services, and serve on the board of one or more charitable organizations or for-profit entities, to the extent such entities are not competitive to the Company (as reasonably determined by the Company's Board of Directors), and to the extent Executive's outside activities do not conflict or interfere with Executive's duties to the Company. Executive shall comply with all Company policies, standards, rules and regulations (the "Company Policies") as may exist from time to time and all applicable government laws, rules and regulations that are now or hereafter in effect.

3. Term. Unless earlier terminated as provided herein, the initial term of this Agreement shall commence on the Start Date and shall continue until terminated by either party as provided in Section 5 below. The period from the Start Date through the date of the termination of Executive's employment hereunder is referred to herein as the "Term."

4. Compensation. During the Term, as compensation for the services rendered by the Executive under this Agreement, the Executive shall be entitled to receive the following (all payments are subject to applicable withholdings):

(a) Base Salary. The Executive shall receive an annual salary of $410,000.00 (less applicable withholdings) ("Base Salary") payable in accordance with the payroll policies of the Company. The Base Salary will be reviewed by the Company from time to time, and may be adjusted in the sole discretion of the Company.

(b) Bonuses. Each fiscal year during the Term, Executive shall be eligible for an annual bonus, the amount of which is based on the achievement of annual goals set by the Company and Board of Directors at the beginning of each fiscal year for such fiscal year (the "Annual Bonus"), which achievement shall be determined as of the last day of such fiscal year. For the fiscal year during which the Start Date occurs, the Executive shall be eligible for a prorated Annual Bonus based on the same criteria but the amount of which shall be reduced based on the percentage of the fiscal year the Executive was employed by the Company, which shall include only the time from the Start Date through the last of such fiscal year. The Annual Bonus shall be a target of 40% of the Base Salary. The Annual Bonus shall be paid in cash, equity, or a combination of both, in the Company's sole discretion, taking into consideration the overall health and condition of the Company at the end of the applicable fiscal year. The Annual Bonus shall be paid in accordance with the Company's regular bonus payment procedures, and, in all events, will be paid no later than 90 days following the end of the fiscal year in which the Annual Bonus was earned. In order to be eligible to receive the Annual Bonus, Executive must be employed by the Company on the last day of the fiscal year for which the Annual Bonus was earned.

(c) Benefits. The Executive shall be entitled to receive those benefits provided from time to time to other similarly situated executive employees of the Company, in accordance with the terms and conditions of the applicable plan documents, provided that the Executive meets the eligibility requirements thereof. All such benefits are subject to amendment or termination from time to time by the Company without the consent of the Executive or any other employee of the Company.

(d) Business Expenses. The Company shall pay, or reimburse the Executive for, all reasonable and appropriate expenses incurred by the Executive in connection with the performance of Executive's duties hereunder; provided that the Executive complies with the Company Policies for the reimbursement or advancement of business expenses that are in effect from time to time.

(e) Equity Participation. Subject to the approval of the Company's Board of Directors (the "Board"), Executive will be granted equity awards covering 1,020,000 shares of the Company's common stock in the form of stock options and 334,711 shares of the Company's common stock in the form of restricted stock units as determined by the Board (such award or awards, the "Initial Equity Award"). For clarity, these Initial Equity Awards are being granted prior to the planned reverse stock split. The Initial Equity Awards will vest as to 33% of the total number of shares subject to the Initial Equity Award on the date that is one year after the date of this Agreement; thereafter, the remainder of the Initial Equity Award will vest in eight substantially equal quarterly installments on the last day of each quarter (i.e., every three calendar months), until fully vested, subject, in each case, to Executive's continued employment by the Company through each such vesting date. The Initial Equity Award will be subject to the terms of the Company's Amended and Restated 2023 Equity Incentive Plan (as amended from time to time, the "Plan") and one or more grant agreements to be entered between Executive and the Company.

5. **Termination.** This Agreement and the Executive's employment by the Company shall or may be terminated, as the case may be, as set forth below.

(a) **Termination by the Executive.** The Executive may terminate this Agreement and Executive's employment with the Company as follows:

(i) **Voluntary Resignation.** For any reason other than Good Reason (as defined below), 30 days after written notice of the Executive's resignation is received by the Company.

(ii) **For Good Reason.** For purposes of this Agreement, the Executive's termination of Executive's employment will be deemed to have been for "Good Reason" if the Executive resigns within six months after any of the following conditions having arisen without Executive's prior written consent and after having given the Company written notice of the existence of such condition within 90 days of the Executive's knowledge of the existence of the condition and providing the Company with 30 days to remedy the condition: (A) a material diminution in the Executive's Base Salary; (B) a material diminution in the Executive's authority, duties, or responsibility by the assignment to Executive of authority, duties, or responsibilities materially inconsistent with Executive's position; or (C) any breach by the Company of any material provision of this Agreement or any other written agreement with the Executive.

(b) **Termination by the Company.** The Company may terminate this Agreement and the Executive's employment by the Company immediately upon written notice to the Executive (or Executive's personal representative):

(i) **Without Cause.** At any time and for any reason other than due to Executive's permanent disability or for Cause (each as described below).

(ii) Disability. If the Executive is "permanently disabled" (as defined herein), in which case this Agreement shall terminate immediately; provided that, such termination shall not prejudice any benefits payable to the Executive, the Executive's spouse or beneficiaries which are fully vested as of the date of the termination of this Agreement. For purposes of this Agreement, "permanently disabled" means the inability of Executive, due to the condition of Executive's physical, mental or emotional health, effectively to perform the essential functions of Executive's job with or without reasonable accommodation for a continuous period of at least 90 days or for 90 days in any period of 120 consecutive days, as determined by the Company in good faith. In any event, the Company will comply fully with the applicable provisions of the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, and any similar applicable law. For purposes of making a determination as to whether a Disability exists, at the Company's request Executive agrees to make himself available and to cooperate in a reasonable examination by a reputable independent physician retained by the Company and to authorize the disclosure and release to the Company of all medical records related to such examination.

(iii) For Cause. The term "Cause", as used herein, shall mean: (A) Any material breach of the terms of this Agreement, or of any other written agreement with the Executive, by the Executive; (B) Executive's fraud, embezzlement or misappropriation with respect to the Company; (C) Executive's willful or grossly negligent misconduct that has or may reasonably be expected to have a material adverse effect on the property, business, or reputation of the Company; (D) Executive's willful failure or refusal to perform Executive's material duties under this Agreement or willful failure to follow any specific lawful instructions of the CEO or Board of Directors; (E) Executive's conviction or plea of nolo contendere in respect of a felony or of a misdemeanor involving moral turpitude; or (F) Executive's material failure to comply with the Company's workplace rules, policies, or procedures. In the event that the Company concludes that Executive has engaged in acts constituting Cause as defined in clause (A), (D) or (F) above, prior to terminating this Agreement for Cause the Company will provide Executive with at least 30 days' advance notice of the circumstances constituting such Cause, and an opportunity to correct such circumstances (as determined in the sole discretion of the Company), to the extent such circumstances are susceptible of being corrected.

(c) Death. Upon the death of the Executive, this Agreement shall terminate immediately; provided that, such termination shall not prejudice any benefits payable to the Executive's spouse or beneficiaries which are vested as of the date of death.

(d) During any notice period under Sections 5(a)(i) or 5(b)(iii), the Company may, in its sole discretion, relieve Executive of some or all of Executive's duties during the notice period, but the Company will continue to provide Executive with all required salary and benefits during such period.

6. Obligations upon Termination.

(a) Generally. When Executive's employment with the Company is terminated for any reason, Executive, or Executive's estate, as the case may be, will be entitled to receive the compensation and benefits earned through the effective date of termination, along with reimbursement for any unreimbursed business expenses incurred through the date of termination that Executive has timely submitted (or does timely submit) for reimbursement in accordance with the Company's expense reimbursement policy or practice. Except as provided in Section 6(b) below (and subject to the conditions described therein) or as otherwise required by law, the Company will have no other obligations to Executive in the event of the termination of this Agreement for any reason.

(b) Separation Benefits upon Certain Terminations not in Connection with a Change in Control. If the Company terminates Executive's employment without Cause pursuant to Section 5(b)(i), or if Executive resigns for Good Reason pursuant to Section 5(a)(ii), then conditioned upon Executive executing and not revoking a Release (as described below) following such termination, the Company will provide Executive with the following benefits (together, the "Separation Benefits"): (i) the Company will pay Executive an amount of severance equal to 12 months of Executive's then-current Base Salary; (ii) the vesting of all stock options and other equity awards will be accelerated by the number of months of severance described above, such that, as of the Termination Date, the number of vested options shall be equal to that which would have vested had Executive remained employed through the severance period; and (iii) if Executive is enrolled in the Company's group health plan immediately prior to termination and timely elects continued health insurance coverage pursuant to COBRA, the Company will pay to such plan or reimburse Executive (at the Company's election) an amount equal to the Company's share of the insurance premiums (which will be based on Executive's level of coverage immediately prior to termination), for the same period over which severance is paid or until Executive becomes eligible for group health insurance coverage under another employer's plan, whichever occurs first, provided however, that the Company will have the right to terminate such payment of COBRA premiums on behalf of Executive and instead pay Executive a lump sum amount equal to the COBRA premium times the number of months remaining in the specified period if the Company determines in its discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code. The Separation Benefits described in clause (i) above will be payable to Executive over time in accordance with the Company's payroll practices and procedures beginning on the 60th day following the termination of Executive's employment with the Company, provided that the first installment will include all amounts that would have been paid if such payments had commenced effective on the date of termination. For avoidance of doubt, the termination of Executive's employment as a result of Executive's death or Disability will not constitute a termination without Cause triggering the rights described herein.

(c) Separation Benefits upon Certain Terminations in Connection with a Change in Control. If the Company terminates Executive's employment without Cause pursuant to Section 5(b)(i), or if Executive resigns for Good Reason pursuant to Section 5(a)(ii), at the time of, or within six months of, a Change in Control (as defined below), then conditioned upon Executive executing and not revoking a Release (as described below), the Company will provide Executive with the following benefits (together, the "CIC Separation Benefits"): (i) the Company will pay Executive an amount of severance equal to 18 months of Executive's then-current Base Salary; (ii) the vesting of all stock options and other equity awards will be accelerated by the number of months of severance described above, such that, as of the Termination Date, the number of vested options shall be equal to that which would have vested had Executive remained employed through the severance period; and (iii) if Executive is enrolled in the Company's group health plan immediately prior to termination and timely elects continued health insurance coverage pursuant to COBRA, the Company will pay to such plan or reimburse Executive (at the Company's election) an amount equal to the Company's share of the insurance premiums (which will be based on Executive's level of coverage immediately prior to termination), for the same period over which severance is paid or until Executive becomes eligible for group health insurance coverage under another employer's plan, whichever occurs first, provided however, that the Company will have the right to terminate such payment of COBRA premiums on behalf of Executive and instead pay Executive a lump sum amount equal to the COBRA premium times the number of months remaining in the specified period if the Company determines in its discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code. The CIC Separation Benefits described in clause (i) above will be payable to Executive over time in accordance with the Company's payroll practices and procedures beginning on the 60th day following the termination of Executive's employment with the Company, provided that the first installment will include all amounts that would have been paid if such payments had commenced effective on the date of termination. For avoidance of doubt, the termination of Executive's employment as a result of Executive's death or Disability will not constitute a termination without Cause triggering the rights described herein.

(d) Release. The Company's obligation to provide the Separation Benefits is conditioned upon Executive: (i) executing and returning a release containing a comprehensive release of all claims against the Company, its affiliates, and their respective representatives (the "Release") within the time periods prescribed by the Release (but, in any event, no later than 60 days following the date of termination), which Release is not revoked within any time period allowed for revocation under applicable law; and (ii) continuing to comply with the terms of this Agreement (including any agreements specifically referenced herein). The Company will provide the Release to Executive within seven (7) days after the effective date of termination.

(e) Application of Internal Revenue Code Section 409A. The parties intend that this Agreement and the payments made hereunder will be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), and this Agreement will be interpreted and applied to the greatest extent possible in a manner that is consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Section 6 that constitute "deferred compensation" within the meaning of Section 409A will not commence in connection with Executive's termination of employment unless and until Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h)). The parties intend that each installment of the Separation Benefits provided for in this Agreement is a separate "payment" for purposes of Section 409A. For the avoidance of doubt, the parties intend that the Separation Benefits satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4) and 1.409A-1(b)(9). However, if the Company determines that the Separation Benefits constitute "deferred compensation" under Section 409A and Executive is, as of the separation from service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payment of the Separation Benefits will be delayed until the earlier to occur of: (i) the date that is six months and one day after Executive's separation from service, or (ii) the date of Executive's death (such applicable date, the "Specified Employee Initial Payment Date"), and the Company (or the successor entity thereto, as applicable) will (A) pay to Executive a lump sum amount equal to the sum of the Separation Benefits payments that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of said benefits had not been so delayed pursuant to this Section, and (B) commence paying the balance of the Separation Benefits in accordance with the applicable payment schedules set forth in this Agreement.

(f) No Further Obligations. Except as expressly provided above or as otherwise required by law, the Company will have no obligations to Executive in the event of the termination of this Agreement for any reason.

7. Confidentiality and Restrictive Covenants. As part of Executive's employment with the Company, Executive will be exposed to, and provided with, valuable confidential and/or trade secret information concerning the Company and its present and prospective customers. As a result, in order to protect the Company's legitimate business interests and as a condition of employment and in exchange for the consideration provided in this Agreement, Executive agrees to contemporaneously execute a Noncompetition Proprietary Information and Inventions Assignment Agreement ("NPIIA") in the form attached hereto as Exhibit A.

8. Representations and Warranties.

(a) The Executive represents and warrants to the Company that the Executive's performance of this Agreement and as an employee of the Company does not and will not breach any non-competition agreement or any agreement to keep in confidence proprietary information acquired by the Executive in confidence or in trust prior to the Executive's employment by the Company. The Executive represents and warrants to the Company that the Executive has not entered into, and agrees not to enter into, any agreement that conflicts with or violates this Agreement.

(b) The Executive represents and warrants to the Company that the Executive has not brought and shall not bring with the Executive to the Company, or use in the performance of the Executive's responsibilities for the Company, any materials or documents of a former employer which are not generally available to the public or which did not belong to the Executive prior to the Executive's employment with the Company, unless the Executive has obtained written authorization from the former employer or other owner for their possession and use and provided the Company with a copy thereof.

9. Cooperation. Upon the receipt of reasonable notice from the Company (including its counsel), the Executive agrees that while employed by the Company and thereafter, the Executive will respond and provide information with regard to matters in which the Executive has knowledge as a result of the Executive's employment with the Company, and will, at the Company's expense, provide reasonable assistance to the Company, its affiliates and their respective representatives in defense of all claims that may be made against the Company or its affiliates, and will assist the Company and its affiliates in the prosecution of all claims that may be made by the Company or its affiliates, to the extent that such claims may relate to the period of the Executive's employment or service with the Company. Following the Term, the Company will reasonably cooperate with Executive regarding the scheduling of such instances of cooperation under this Section 9, taking into account Executive's professional and personal commitments. The Executive agrees to promptly inform the Company if the Executive becomes aware of any lawsuit involving such claims that is likely to be filed or threatened against the Company or its affiliates. The Executive also agrees to promptly inform the Company (to the extent that the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of the Company or its affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or its affiliates with respect to such investigation, and shall not do so unless legally required. Upon presentation of appropriate documentation, the Company shall reimburse the Executive for any reasonable expenses the Executive incurs in connection with the Executive's cooperation under this provision.

10. **Notices.** All notices, requests, consents, approvals, and other communications to, upon, and between the parties shall be in writing and shall be deemed to have been given, delivered, made, and received when: (a) personally delivered; (b) deposited for next day delivery by Federal Express, or other similar overnight courier services; (c) transmitted via telefacsimile or other similar device to the attention of the Company's Chief Executive Officer with receipt acknowledged; or (d) three days after being sent or mailed by certified mail, postage prepaid and return receipt requested, addressed as follows:

If to the Company:

Scott Plesha
Chief Executive Officer
Pelthos Therapeutics
4020 Stirrup Creek Drive
Suite 110
Durham, NC 27703

If to the Executive:

Frank Knuettel
Chief Financial Officer
116 E 63rd Street
New York, NY 10065

11. **Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and, in the case of Executive, heirs, executors, and/or personal representatives. The Company may freely assign or transfer this Agreement to an affiliated company or to a successor following a merger, consolidation, sale of assets, or other business transaction. Executive may not assign, delegate or otherwise transfer any of Executive's rights, interests or obligations in this Agreement without the prior written approval of the Company.

12. **Entire Agreement.** Except as expressly provided in this Agreement and except for the Confidentiality Agreement, this Agreement: (i) supersedes all other understandings and agreements, oral or written, between the parties with respect to the subject matter of this Agreement; and (ii) constitutes the sole agreement between the parties with respect to this subject matter. Each party acknowledges that: (A) no representations, inducements, promises or agreements, oral or written, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement; and (B) no agreement, statement or promise not contained in this Agreement shall be valid. No change or modification of this Agreement shall be valid or binding upon the parties unless such change or modification is in writing and is signed by the parties.

13. **Severability.** Each provision of this Agreement is severable from every other provision of this Agreement. If a court of competent jurisdiction holds that any provision or sub-part thereof contained in this Agreement is invalid, illegal or unenforceable, that invalidity, illegality or unenforceability shall not affect, impair, or invalidate any other provision in this Agreement. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

14. Amendment and Waiver. No provision of this Agreement, including the provisions of this Section, may be amended, modified, superseded, deleted, or waived in any manner except by a written agreement executed by the parties. Further, the Company's or the Executive's waiver of any breach of a provision of this Agreement shall not waive any subsequent breach by the other party.

15. Governing Law. This Agreement and the employment relationship created by it shall be governed by North Carolina law without giving effect to North Carolina choice of law provisions.

16. Consent to Jurisdiction and Venue. Each of the parties agrees that any suit, action, or proceeding arising out of this Agreement may be instituted against it in the Superior Court of Wake County, North Carolina or in the United States District Court for the Eastern District of North Carolina (assuming that such court has subject matter jurisdiction over such suit, action or proceeding). Each of the parties hereby waives any objection that it may have to the venue of any such suit, action, or proceeding, and each of the parties hereby irrevocably consents to the personal jurisdiction of any such court in any such suit, action, or proceeding.

17. Counterparts; Electronic Delivery. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument reflecting the terms of the Agreement. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. ESIGN Act of 2000, e.g., Docusign) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

18. Headings; Construction. The headings herein are for convenience only and shall not affect the interpretation of this Agreement. This Agreement will be construed as if drafted jointly by the Company and Executive and no presumption or burden of proof will arise favoring or disfavoring the Company or Executive by virtue of the authorship of any provision in this Agreement. All words in this Agreement will be construed to be of such gender or number as the circumstances require.

19. Obligations Survive Termination of Employment. The termination of Executive's employment for whatever reason will not impair or relieve Executive of any of Executive's obligations under this Agreement which, by their express terms or by implication, extend beyond the term of Executive's employment.

[Signature Page Immediately Follows]

IN WITNESS WHEREOF, the parties have executed this Executive Employment Agreement as of the day and year first above written.

Pelthos Therapeutics, INC.

By: /s/ Scott Plesha
Name: Scott Plesha
Title: Chief Executive Officer

EXECUTIVE:
/s/ Francis Knuettel II
Frank Knuettel

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "Agreement") is made as of July 1, 2025, by and between Pelthos Therapeutics, Inc., a Nevada Corporation, (the "Company"), and Sai Rangarao (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to employ the Executive as its Chief Commercial Officer and provide adequate assurances to the Executive and the Executive desires to accept such employment on the terms set forth below.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein, and of other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the Company and the Executive agree as follows:

1. Employment. Effective as of July 1, 2025 (the "Start Date"), the Company hereby employs the Executive and the Executive hereby accepts employment as Chief Commercial Officer upon the terms and conditions of this Agreement.

2. Duties. Executive will serve as the Company's Chief Commercial Officer, reporting to the Company's Chief Executive Officer (the "CEO"). The Executive will have such authority, and will faithfully perform all of the duties, normally associated with the position of Chief Commercial Officer, including but not limited to all duties set forth in this Agreement, and all additional duties consistent with such position that are reasonably prescribed from time to time by the Chief Executive Officer of the Company. The Executive shall devote Executive's full business time and attention to perform Executive's duties and responsibilities on behalf of the Company and in furtherance of its best interests; provided, however, that subject to Executive's obligations hereunder, Executive shall be permitted to make personal investments, perform reasonable volunteer services, and serve on the board of one or more charitable organizations or for-profit entities, to the extent such entities are not competitive to the Company (as reasonably determined by the Company's Board of Directors), and to the extent Executive's outside activities do not conflict or interfere with Executive's duties to the Company. Executive shall comply with all Company policies, standards, rules and regulations (the "Company Policies") as may exist from time to time and all applicable government laws, rules and regulations that are now or hereafter in effect.

3. Term. Unless earlier terminated as provided herein, the initial term of this Agreement shall commence on the Start Date and shall continue until terminated by either party as provided in Section 5 below. The period from the Start Date through the date of the termination of Executive's employment hereunder is referred to herein as the "Term."

4. Compensation. During the Term, as compensation for the services rendered by the Executive under this Agreement, the Executive shall be entitled to receive the following (all payments are subject to applicable withholdings):

(a) Base Salary. The Executive shall receive an annual salary of $400,000.00 (less applicable withholdings) ("Base Salary") payable in accordance with the payroll policies of the Company. The Base Salary will be reviewed by the Company from time to time, and may be adjusted in the sole discretion of the Company.

(b) Bonuses. Each fiscal year during the Term, Executive shall be eligible for an annual bonus, the amount of which is based on the achievement of annual goals set by the Company and Board of Directors at the beginning of each fiscal year for such fiscal year (the "Annual Bonus"), which achievement shall be determined as of the last day of such fiscal year. For the fiscal year during which the Start Date occurs, the Executive shall be eligible for a prorated Annual Bonus based on the same criteria but the amount of which shall be reduced based on the percentage of the fiscal year the Executive was employed by the Company, which shall include only the time from the Start Date through the last of such fiscal year. The Annual Bonus shall be a target of 40% of the Base Salary. The Annual Bonus shall be paid in cash, equity, or a combination of both, in the Company's sole discretion, taking into consideration the overall health and condition of the Company at the end of the applicable fiscal year. The Annual Bonus shall be paid in accordance with the Company's regular bonus payment procedures, and, in all events, will be paid no later than 90 days following the end of the fiscal year in which the Annual Bonus was earned. In order to be eligible to receive the Annual Bonus, Executive must be employed by the Company on the last day of the fiscal year for which the Annual Bonus was earned.

(c) Benefits. The Executive shall be entitled to receive those benefits provided from time to time to other similarly situated executive employees of the Company, in accordance with the terms and conditions of the applicable plan documents, provided that the Executive meets the eligibility requirements thereof. All such benefits are subject to amendment or termination from time to time by the Company without the consent of the Executive or any other employee of the Company.

(d) Business Expenses. The Company shall pay, or reimburse the Executive for, all reasonable and appropriate expenses incurred by the Executive in connection with the performance of Executive's duties hereunder; provided that the Executive complies with the Company Policies for the reimbursement or advancement of business expenses that are in effect from time to time.

(e) Equity Participation. Subject to the approval of the Company's Board of Directors (the "Board"), Executive will be granted equity awards covering 930,000 shares of the Company's common stock in the form of stock options and 305,178 shares of the Company's common stock in the form of restricted stock units as determined by the Board (such award or awards, the "Initial Equity Award"). For clarity, these Initial Equity Awards are being granted prior to the planned reverse stock split. The Initial Equity Awards will vest as to 33% of the total number of shares subject to the Initial Equity Award on the date that is one year after the date of this Agreement; thereafter, the remainder of the Initial Equity Award will vest in eight substantially equal quarterly installments on the last day of each quarter (i.e., every three calendar months), until fully vested, subject, in each case, to Executive's continued employment by the Company through each such vesting date. The Initial Equity Award will be subject to the terms of the Company's Amended and Restated 2023 Equity Incentive Plan (as amended from time to time, the "Plan") and one or more grant agreements to be entered between Executive and the Company.

(f)

5. Termination. This Agreement and the Executive's employment by the Company shall or may be terminated, as the case may be, as set forth below.

(a) Termination by the Executive. The Executive may terminate this Agreement and Executive's employment with the Company as follows:

(i) Voluntary Resignation. For any reason other than Good Reason (as defined below), 30 days after written notice of the Executive's resignation is received by the Company.

(ii) For Good Reason. For purposes of this Agreement, the Executive's termination of Executive's employment will be deemed to have been for "Good Reason" if the Executive resigns within six months after any of the following conditions having arisen without Executive's prior written consent and after having given the Company written notice of the existence of such condition within 90 days of the Executive's knowledge of the existence of the condition and providing the Company with 30 days to remedy the condition: (A) a material diminution in the Executive's Base Salary; (B) a material diminution in the Executive's authority, duties, or responsibility by the assignment to Executive of authority, duties, or responsibilities materially inconsistent with Executive's position; or (C) any breach by the Company of any material provision of this Agreement or any other written agreement with the Executive.

(b) Termination by the Company. The Company may terminate this Agreement and the Executive's employment by the Company immediately upon written notice to the Executive (or Executive's personal representative):

(i) Without Cause. At any time and for any reason other than due to Executive's permanent disability or for Cause (each as described below).

(ii) Disability. If the Executive is "permanently disabled" (as defined herein), in which case this Agreement shall terminate immediately; provided that, such termination shall not prejudice any benefits payable to the Executive, the Executive's spouse or beneficiaries which are fully vested as of the date of the termination of this Agreement. For purposes of this Agreement, "permanently disabled" means the inability of Executive, due to the condition of Executive's physical, mental or emotional health, effectively to perform the essential functions of Executive's job with or without reasonable accommodation for a continuous period of at least 90 days or for 90 days in any period of 120 consecutive days, as determined by the Company in good faith. In any event, the Company will comply fully with the applicable provisions of the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, and any similar applicable law. For purposes of making a determination as to whether a Disability exists, at the Company's request Executive agrees to make himself available and to cooperate in a reasonable examination by a reputable independent physician retained by the Company and to authorize the disclosure and release to the Company of all medical records related to such examination.

(iii) For Cause. The term "Cause", as used herein, shall mean: (A) Any material breach of the terms of this Agreement, or of any other written agreement with the Executive, by the Executive; (B) Executive's fraud, embezzlement or misappropriation with respect to the Company; (C) Executive's willful or grossly negligent misconduct that has or may reasonably be expected to have a material adverse effect on the property, business, or reputation of the Company; (D) Executive's willful failure or refusal to perform Executive's material duties under this Agreement or willful failure to follow any specific lawful instructions of the CEO or Board of Directors; (E) Executive's conviction or plea of nolo contendere in respect of a felony or of a misdemeanor involving moral turpitude; or (F) Executive's material failure to comply with the Company's workplace rules, policies, or procedures. In the event that the Company concludes that Executive has engaged in acts constituting Cause as defined in clause (A), (D) or (F) above, prior to terminating this Agreement for Cause the Company will provide Executive with at least 30 days' advance notice of the circumstances constituting such Cause, and an opportunity to correct such circumstances (as determined in the sole discretion of the Company), to the extent such circumstances are susceptible of being corrected.

(c) Death. Upon the death of the Executive, this Agreement shall terminate immediately; provided that, such termination shall not prejudice any benefits payable to the Executive's spouse or beneficiaries which are vested as of the date of death.

(d) During any notice period under Sections 5(a)(i) or 5(b)(iii), the Company may, in its sole discretion, relieve Executive of some or all of Executive's duties during the notice period, but the Company will continue to provide Executive with all required salary and benefits during such period.

6. Obligations upon Termination.

(a) Generally. When Executive's employment with the Company is terminated for any reason, Executive, or Executive's estate, as the case may be, will be entitled to receive the compensation and benefits earned through the effective date of termination, along with reimbursement for any unreimbursed business expenses incurred through the date of termination that Executive has timely submitted (or does timely submit) for reimbursement in accordance with the Company's expense reimbursement policy or practice. Except as provided in Section 6(b) below (and subject to the conditions described therein) or as otherwise required by law, the Company will have no other obligations to Executive in the event of the termination of this Agreement for any reason.

(b) Separation Benefits upon Certain Terminations not in Connection with a Change in Control. If the Company terminates Executive's employment without Cause pursuant to Section 5(b)(i), or if Executive resigns for Good Reason pursuant to Section 5(a)(ii), then conditioned upon Executive executing and not revoking a Release (as described below) following such termination, the Company will provide Executive with the following benefits (together, the "Separation Benefits"): (i) the Company will pay Executive an amount of severance equal to 12 months of Executive's then-current Base Salary; (ii) the vesting of all stock options and other equity awards will be accelerated by the number of months of severance described above, such that, as of the Termination Date, the number of vested options shall be equal to that which would have vested had Executive remained employed through the severance period; and (iii) if Executive is enrolled in the Company's group health plan immediately prior to termination and timely elects continued health insurance coverage pursuant to COBRA, the Company will pay to such plan or reimburse Executive (at the Company's election) an amount equal to the Company's share of the insurance premiums (which will be based on Executive's level of coverage immediately prior to termination), for the same period over which severance is paid or until Executive becomes eligible for group health insurance coverage under another employer's plan, whichever occurs first, provided however, that the Company will have the right to terminate such payment of COBRA premiums on behalf of Executive and instead pay Executive a lump sum amount equal to the COBRA premium times the number of months remaining in the specified period if the Company determines in its discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code. The Separation Benefits described in clause (i) above will be payable to Executive over time in accordance with the Company's payroll practices and procedures beginning on the 60th day following the termination of Executive's employment with the Company, provided that the first installment will include all amounts that would have been paid if such payments had commenced effective on the date of termination. For avoidance of doubt, the termination of Executive's employment as a result of Executive's death or Disability will not constitute a termination without Cause triggering the rights described herein.

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(d) Release. The Company's obligation to provide the Separation Benefits is conditioned upon Executive: (i) executing and returning a release containing a comprehensive release of all claims against the Company, its affiliates, and their respective representatives (the "Release") within the time periods prescribed by the Release (but, in any event, no later than 60 days following the date of termination), which Release is not revoked within any time period allowed for revocation under applicable law; and (ii) continuing to comply with the terms of this Agreement (including any agreements specifically referenced herein). The Company will provide the Release to Executive within seven (7) days after the effective date of termination.

(e) Application of Internal Revenue Code Section 409A. The parties intend that this Agreement and the payments made hereunder will be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"), and this Agreement will be interpreted and applied to the greatest extent possible in a manner that is consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Section 6 that constitute "deferred compensation" within the meaning of Section 409A will not commence in connection with Executive's termination of employment unless and until Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h)). The parties intend that each installment of the Separation Benefits provided for in this Agreement is a separate "payment" for purposes of Section 409A. For the avoidance of doubt, the parties intend that the Separation Benefits satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4) and 1.409A-1(b)(9). However, if the Company determines that the Separation Benefits constitute "deferred compensation" under Section 409A and Executive is, as of the separation from service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payment of the Separation Benefits will be delayed until the earlier to occur of: (i) the date that is six months and one day after Executive's separation from service, or (ii) the date of Executive's death (such applicable date, the "Specified Employee Initial Payment Date"), and the Company (or the successor entity thereto, as applicable) will (A) pay to Executive a lump sum amount equal to the sum of the Separation Benefits payments that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of said benefits had not been so delayed pursuant to this Section, and (B) commence paying the balance of the Separation Benefits in accordance with the applicable payment schedules set forth in this Agreement.

(f) No Further Obligations. Except as expressly provided above or as otherwise required by law, the Company will have no obligations to Executive in the event of the termination of this Agreement for any reason.

7. Confidentiality and Restrictive Covenants. As part of Executive's employment with the Company, Executive will be exposed to, and provided with, valuable confidential and/or trade secret information concerning the Company and its present and prospective customers. As a result, in order to protect the Company's legitimate business interests and as a condition of employment and in exchange for the consideration provided in this Agreement, Executive agrees to contemporaneously execute a Noncompetition Proprietary Information and Inventions Assignment Agreement ("NPIIA") in the form attached hereto as Exhibit A.

8. Representations and Warranties.

(a) The Executive represents and warrants to the Company that the Executive's performance of this Agreement and as an employee of the Company does not and will not breach any non-competition agreement or any agreement to keep in confidence proprietary information acquired by the Executive in confidence or in trust prior to the Executive's employment by the Company. The Executive represents and warrants to the Company that the Executive has not entered into, and agrees not to enter into, any agreement that conflicts with or violates this Agreement.

(b) The Executive represents and warrants to the Company that the Executive has not brought and shall not bring with the Executive to the Company, or use in the performance of the Executive's responsibilities for the Company, any materials or documents of a former employer which are not generally available to the public or which did not belong to the Executive prior to the Executive's employment with the Company, unless the Executive has obtained written authorization from the former employer or other owner for their possession and use and provided the Company with a copy thereof.

9. Cooperation. Upon the receipt of reasonable notice from the Company (including its counsel), the Executive agrees that while employed by the Company and thereafter, the Executive will respond and provide information with regard to matters in which the Executive has knowledge as a result of the Executive's employment with the Company, and will, at the Company's expense, provide reasonable assistance to the Company, its affiliates and their respective representatives in defense of all claims that may be made against the Company or its affiliates, and will assist the Company and its affiliates in the prosecution of all claims that may be made by the Company or its affiliates, to the extent that such claims may relate to the period of the Executive's employment or service with the Company. Following the Term, the Company will reasonably cooperate with Executive regarding the scheduling of such instances of cooperation under this Section 9, taking into account Executive's professional and personal commitments. The Executive agrees to promptly inform the Company if the Executive becomes aware of any lawsuit involving such claims that is likely to be filed or threatened against the Company or its affiliates. The Executive also agrees to promptly inform the Company (to the extent that the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of the Company or its affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or its affiliates with respect to such investigation, and shall not do so unless legally required. Upon presentation of appropriate documentation, the Company shall reimburse the Executive for any reasonable expenses the Executive incurs in connection with the Executive's cooperation under this provision.

10. **Notices.** All notices, requests, consents, approvals, and other communications to, upon, and between the parties shall be in writing and shall be deemed to have been given, delivered, made, and received when: (a) personally delivered; (b) deposited for next day delivery by Federal Express, or other similar overnight courier services; (c) transmitted via telefacsimile or other similar device to the attention of the Company's Chief Executive Officer with receipt acknowledged; or (d) three days after being sent or mailed by certified mail, postage prepaid and return receipt requested, addressed as follows:

If to the Company:

Scott Plesha
Chief Executive Officer
Pelthos Therapeutics
4020 Stirrup Creek Drive
Suite 110
Durham, NC 27703

If to the Executive:

Sai Rangarao
Chief Commercial Officer
2 Suzie Lane
Fairfield, NJ 07004

11. **Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns and, in the case of Executive, heirs, executors, and/or personal representatives. The Company may freely assign or transfer this Agreement to an affiliated company or to a successor following a merger, consolidation, sale of assets, or other business transaction. Executive may not assign, delegate or otherwise transfer any of Executive's rights, interests or obligations in this Agreement without the prior written approval of the Company.

12. **Entire Agreement.** Except as expressly provided in this Agreement and except for the Confidentiality Agreement, this Agreement: (i) supersedes all other understandings and agreements, oral or written, between the parties with respect to the subject matter of this Agreement; and (ii) constitutes the sole agreement between the parties with respect to this subject matter. Each party acknowledges that: (A) no representations, inducements, promises or agreements, oral or written, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement; and (B) no agreement, statement or promise not contained in this Agreement shall be valid. No change or modification of this Agreement shall be valid or binding upon the parties unless such change or modification is in writing and is signed by the parties.

13. **Severability.** Each provision of this Agreement is severable from every other provision of this Agreement. If a court of competent jurisdiction holds that any provision or sub-part thereof contained in this Agreement is invalid, illegal or unenforceable, that invalidity, illegality or unenforceability shall not affect, impair, or invalidate any other provision in this Agreement. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

14. **Amendment and Waiver.** No provision of this Agreement, including the provisions of this Section, may be amended, modified, superseded, deleted, or waived in any manner except by a written agreement executed by the parties. Further, the Company's or the Executive's waiver of any breach of a provision of this Agreement shall not waive any subsequent breach by the other party.

15. **Governing Law.** This Agreement and the employment relationship created by it shall be governed by North Carolina law without giving effect to North Carolina choice of law provisions.

16. **Consent to Jurisdiction and Venue.** Each of the parties agrees that any suit, action, or proceeding arising out of this Agreement may be instituted against it in the Superior Court of Wake County, North Carolina or in the United States District Court for the Eastern District of North Carolina (assuming that such court has subject matter jurisdiction over such suit, action or proceeding). Each of the parties hereby waives any objection that it may have to the venue of any such suit, action, or proceeding, and each of the parties hereby irrevocably consents to the personal jurisdiction of any such court in any such suit, action, or proceeding.

17. **Counterparts; Electronic Delivery.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument reflecting the terms of the Agreement. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. ESIGN Act of 2000, e.g., Docusign) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

18. **Headings; Construction.** The headings herein are for convenience only and shall not affect the interpretation of this Agreement. This Agreement will be construed as if drafted jointly by the Company and Executive and no presumption or burden of proof will arise favoring or disfavoring the Company or Executive by virtue of the authorship of any provision in this Agreement. All words in this Agreement will be construed to be of such gender or number as the circumstances require.

19. Obligations Survive Termination of Employment. The termination of Executive's employment for whatever reason will not impair or relieve Executive of any of Executive's obligations under this Agreement which, by their express terms or by implication, extend beyond the term of Executive's employment.

[Signature Page Immediately Follows]

IN WITNESS WHEREOF, the parties have executed this Executive Employment Agreement as of the day and year first above written.

Pelthos Therapeutics, INC.

By: /s/ Scott Plesha
Name: Scott Plesha
Title: Chief Executive Officer

EXECUTIVE:
/s/ Sai Rangarao
Sai Rangarao

Exhibit 10.20

Execution Version

EMPLOYEE LEASE AGREEMENT

THIS EMPLOYEE LEASE AGREEMENT (this "Agreement"), dated as of July 1, 2025, is by and between Ligand Pharmaceuticals Incorporated, a Delaware corporation, for itself and its Subsidiaries ("Lessor"), and Pelthos Therapeutics Inc., a Nevada corporation f/k/a Channel Therapeutics Corporation, for itself and its Subsidiaries ("Lessee"). Capitalized terms used in this Agreement shall have the respective meanings ascribed to them in the Merger Agreement (as hereinafter defined).

R E C I T A L S:

WHEREAS, in connection with the transactions contemplated by that certain Agreement and Plan of Merger, dated as of April 16, 2025 (as amended, restated, waived, supplemented or otherwise modified from time to time, the "Merger Agreement"), by and between Lessee, CHRO Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Lessee, LNHC, Inc., a Delaware corporation, and solely for purposes of Article III thereof, Lessor, during the period beginning on the Closing Date and ending on the Employee Transfer Date (as defined below) or, with respect to a given Employee (as defined below), such other date on which such Employee's employment with Lessor terminates in accordance with this Agreement (such period the "Employee Transition Period"), Lessee desires to avail itself of the services of the employees listed from time to time on Schedule A hereto, as the same may be amended or supplemented from time to time by Lessor and Lessee (the "Employees" and each, an "Employee"), to the extent such Persons remain employees of Lessor, and Lessor desires to make such Employees available to Lessee, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, hereby agree as follows:

1. SERVICES TO BE PROVIDED TO LESSEE.

(a) Subject to and in accordance with the terms of this Agreement, Lessor agrees to provide Lessee with, and Lessee agrees that in conducting its business it will utilize, the services of the Employees (the "Services") during the Employee Transition Period. In providing the Services, the Employees shall have the same duties and functions, and will provide the same services, as the Employees had and provided to Lessor or any of its Affiliates prior to the Closing Date or as are otherwise agreed by Lessor and Lessee. Except as otherwise agreed by Lessee and Lessor, the Services shall be rendered at the same place where the Services were provided immediately prior to the Closing Date.

(b) Until the Employee Transfer Date, each Employee shall continue as an at-will employee of Lessor while rendering the Services for Lessee under the terms of this Agreement. Employees shall be employees of Lessor for all purposes, including but not limited to: (i) verification of eligibility to work in the United States; (ii) the applicability of state and federal employment statutes, including Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Family and Medical Leave Act, the Fair Labor Standards Act, and similar statutes; (iii) the proper classification of workers, timekeeping, and the payment of minimum wage and overtime; (iv) union relations and all labor matters covered by the National Labor Relations Act; and (v) payment of federal, state, and local income, social security, unemployment, and other payroll and employment taxes.

(c) Subject to Section 2, during the Employee Transition Period, Lessor shall be responsible for all matters relating to the Employee's employment by Lessor, including the payment of the Employee's compensation (including any wages, salary, overtime compensation, bonuses, or any other type of remuneration for employment) and withholding the appropriate income and employment taxes; the payment of all federal, state and local employment taxes, providing workers' compensation coverage for the Employees; the provision of employee benefits (including but not limited to health, life, and disability insurance, vacation and holiday pay, and retirement benefits) to the extent required by law and in accordance with its applicable policies as in effect from time to time; the payment of any obligations in respect of any Lessor benefit plans in which the Employees participate; compliance with applicable laws related to the provision of benefits, including COBRA and the Patient Protection and Affordable Care Act and any reporting obligations under applicable law with respect to any of the foregoing; and the payment of any obligations in respect of any employment agreement between Lessor and any Employee.

(d) Lessee may, without advance notice, require that an Employee immediately cease providing Services under this Agreement for cause, which shall include (i) any occurrence that renders the Employee unable to perform essential functions of his or her job; and (ii) any occurrence that causes Lessee, in its reasonable sole discretion, to conclude for any reason that it should immediately cease allowing Employee to provide Services because the Employee poses a threat to quality of Lessee's products or services (including disruptive behavior), or the safety or wellbeing of Lessee's staff, volunteers, or visitors. If Lessee requires that an Employee cease providing Services under this Agreement pursuant to the preceding sentence, Lessor shall use reasonable efforts to terminate the employment of such Employee as soon as reasonably practicable thereafter, in accordance with all applicable laws, and, for the avoidance of doubt, until such Employee's employment with Lessor has terminated, Lessee shall remain responsible for paying all Lessor Employee Costs (as defined below) associated with such Employee. Lessee acknowledges that, during the Employee Transition Period, if any Employee at any time leaves the employ of Lessor or any Employee refuses to provide Services to Lessee or such Employee's employment is otherwise terminated in accordance with Section 3, Lessor shall not be under any further obligation to provide the Services of such Employee and Lessee shall be under no obligation to utilize the Services of such Employee; *provided*, that in such event, if Lessee reasonably requests and Lessor agrees, Lessor will use its reasonable best efforts to find a replacement for such Employee or onboard such Employee as the Lessee designates.

(e) Lessee shall have the authority to designate all tasks to be performed by Employees and shall have the authority to instruct and oversee Employees in the manner, means and method of accomplishing the Services; *provided*, *however*, that the Employees shall be subject to Lessor's policies and other procedures in effect from time to time with respect to its employees, including, without limitation, those relating to the workplace, harassment, discrimination, human rights, and other conditions of employment. Subject to Section 2(b), during the Employee Transition Period, Lessor shall retain ultimate discretion to determine all terms and conditions of employment for each Employee, including without limitation decisions about whether and how to hire, discharge, promote, demote, discipline, supervise, and compensate such Employee. Lessor will consult with Lessee in the event Lessee informs Lessor of any dissatisfaction with the performance of any Employee without, however, surrendering any of Lessor's discretion over the employment, discipline, and other conditions of employment related to said Employee. Lessor and Lessee shall each, and shall cause their respective affiliates to, comply with and abide by all applicable laws, acts, statutes and codes in the performance of this Agreement. For the avoidance of doubt, the performance of this Agreement by the Lessee shall include the Lessee's designation of tasks to be performed by the Employees and the instruction and oversight of the Employees in the manner, means and method of accomplishing the Services.

(f) Lessor shall act under this Agreement solely as an independent contractor and not as an agent of Lessee. This Agreement is by and between independent business entities. Lessor and Lessee acknowledge and agree that in performing the Services, the Employees are not and shall not be deemed to be employees of Lessee for any purpose. Nothing in this Agreement shall be deemed to create an employment relationship between any of the Employees and Lessee or to make Lessee a joint employer or single employer of the Employees during the Term.

2. FEES AND EXPENSES FOR SERVICES TO BE PROVIDED.

(a) For the Services rendered by the Employees in accordance with this Agreement, during the term of this Agreement, Lessee shall be responsible for paying (A) all costs and other financial obligations ("Liabilities") incurred by Lessor in connection with employing the Employees during the Employee Transition Period, including the employee base compensation which includes the employer's share of payroll taxes, bonus (excluding any transaction, change in control or retention bonuses in effect prior to the Closing), the cost of the employer-paid portion of any 401(k) plan contributions, the insurance premiums charged with respect to fully insured health and welfare plans (to the extent not paid by Employees), holiday, vacation and sick pay, workers compensation insurance premiums, disability insurance, unemployment insurance, severance, and car allowances and other customary allowances paid to the Employees, and (B) all other out-of-pocket expenses, fees or costs incurred by Lessor that are attributable to the Employees (*e.g.*, any legal fees, administrative costs, third party fees, including payroll processor fees, software licensing fees, etc.) (collectively, the "Lessor Employee Costs"). For purposes of the foregoing, legal fees shall be considered "attributable" to an Employee if incurred by Lessor (x) to defend any action, suit, proceeding, claim, or arbitration by the Employee or by or any Governmental Entity concerning the Employee, or (y) to obtain legal advice with respect to matters arising out of the Employee's employment relationship (or the termination thereof) with Lessor.

(b) Lessor agrees that, during the Employee Transition Period, without the prior written consent of Lessee, Lessor will not increase or decrease the compensation or benefits payable to any Employee beyond the compensation or benefits payable immediately prior to the Closing; *provided*, *however*, that Lessor shall be permitted to increase or decrease such compensation without the consent of Lessee to the extent required by applicable federal, state or local law or as a result of changes in Employee Benefit Plans made in the ordinary course of business that apply generally and are not targeted to the Employees (or dependents or beneficiaries thereof).

(c) As promptly as practicable, but in no event later than fifteen (15) business days following the end of each Billing Period (as defined below), during the Employee Transition Period, with respect to the Services, Lessor shall deliver a statement to Lessee for such Billing Period (each, a "Fee Statement") setting forth the amounts payable pursuant to Section 2(a) for such Billing Period, together with (i) an itemized breakdown of the Lessor Employee Costs, (ii) such other supporting documentation as may be reasonably necessary for Lessee to verify the accuracy of such Fee Statement, and (iii) the bank account into which Lessee shall make payments therefor.

(d) No later than ten (10) Business Days following its receipt of each Fee Statement delivered hereunder Lessee shall pay Lessor the undisputed amounts payable pursuant to Section 2(a) for such Billing Period as set forth in such Fee Statement in immediately available funds to the bank account designated by Lessor in such Fee Statement. Lessee shall pay the full undisputed amount invoiced and shall not set-off or otherwise withhold any undisputed amount owed to Lessor under this Agreement on account of any obligation owed by Lessor to Lessee. If Lessee, in good faith, disputes the amounts reflected on an invoice, Lessee shall deliver to Lessor notice of such dispute, along with a reasonably detailed explanation of the basis of such dispute, on or prior to the applicable due date for such Fee Statement, and shall pay all undisputed portions of such Fee Statement in a timely manner in accordance with this Section 2(d). Representatives of the parties shall promptly engage in good faith discussions to resolve any such dispute. If the parties cannot resolve such dispute during the time period ending twenty (20) days after the date such dispute is escalated, then such disputed amounts will remain unpaid until resolved and either party may seek resolution in accordance with the provisions of Section 7(a). To the extent, as a result of the resolution of a Fee Statement dispute pursuant to this Section 2(d), Lessor and Lessee agree that any amount is due to Lessor, Lessee will pay such amount to Lessor not later than ten (10) Business Days following the resolution of such dispute.

For purposes hereof, "Billing Period" means each payroll period according to Lessor's ordinary course payroll practices during the term of this Agreement. The leased Employees shall be considered "Consultants" of Lessee as that term is defined in the Lessee's Amended and Restated 2023 Equity Incentive Plan.

3. TERMINATION OF EMPLOYEES.

During the Employee Transition Period, Lessor shall not terminate any Employees without the express written consent of Lessee, other than for cause (as reasonably determined by Lessor).

4. INSURANCE WITH RESPECT TO EMPLOYEES.

During the Employee Transition Period, Lessor shall maintain with respect to the Employees all insurance coverages required to be maintained for employees, including without limitation, worker's compensation insurance, COBRA coverage, disability insurance and unemployment insurance, to the extent required under applicable local, state, and federal laws in the jurisdictions in which the Employees are employed.

5. TERM.

(a) This Agreement shall be effective as of the Closing Date and shall continue and remain in force and effect until the earlier of (i) August 31, 2025 and (ii) the date on which Lessee has established a new payroll processing system and new medical, dental and vision benefit plans for the benefit of employees of Lessee and its Subsidiaries (the "Employee Transfer Date"); *provided*, *however*, that this Agreement may be extended or sooner terminated by mutual written agreement of the parties hereto.

(b) The obligation of parties hereto under this Agreement shall survive the expiration, or earlier termination, of this Agreement, to the extent necessary to give full effect thereto.

6. INDEMNIFICATION

(a) Indemnification by Lessor. Lessor agrees to indemnify and hold harmless the Lessee and its Affiliates and Subsidiaries (the "Lessee Indemnified Parties") from and against all losses (including any indirect, special or consequential damages or lost profits, in each case, except to the extent such damages (including for lost profits) are the natural, probable and reasonable foreseeable result of the applicable indemnifiable breach) that the Lessee Indemnified Parties incur to the extent arising from: (i) any act, error, and/or omission by Lessor resulting in liability under any applicable statute governing the employment relationship between the Employees and Lessor; and (ii) Fraud (as defined below), gross negligence or willful misconduct of Lessor related to the provision of the Services under this Agreement. Notwithstanding anything herein to the contrary, the provisions of this Section 6(a) shall survive the expiration of the Employee Transition Period and termination of this Agreement.

(b) Indemnification by Lessee. Lessee agrees to indemnify, defend and hold harmless the Lessor and its Affiliates and Subsidiaries (the "Lessor Indemnified Parties") from and against all losses (including any indirect, special or consequential damages or lost profits, in each case, except to the extent such damages (including for lost profits) are the natural, probable and reasonable foreseeable result of the applicable indemnifiable breach) that the Lessor Indemnified Parties incur to the extent arising from Lessor's provision of the Services under this Agreement; *provided*, *however*, that Lessee shall not be required to indemnify the Lessor Indemnified Parties from and against any losses arising out or resulting from any breach of this Agreement, Fraud, gross negligence or willful misconduct of any Lessor Indemnified Parties. Notwithstanding anything herein to the contrary, the provisions of this Section 6(b) shall survive the expiration of the Employee Lease Term and termination of this Agreement.

(c) For purposes of this Section 6, "Fraud" means an actual (and not constructive, promissory, imputed, reckless or negligent) common law fraud under the laws of the State of Delaware.

(d) Indemnification Procedures. Any party claiming a right to indemnification under Sections 6(a) or 6(b) (an "Indemnified Party") shall notify the Party from whom indemnification is sought (the "Indemnifying Party") as soon as reasonably practicable after the Indemnified Party becomes aware of such claim. In addition, the Indemnified Party shall take reasonable steps to (i) allow the Indemnifying Party to control the defense against and settlement of the claim (provided that any settlement shall be subject to the Indemnified Party's prior written consent if and to the extent that such settlement obligates, binds or affects any property or right of the Indemnified Party or any of its Affiliates, officers, directors, employees or agents other than a payment obligation satisfied in full by the Indemnifying Party under such indemnity), and (ii) reasonably cooperate with the Indemnifying Party in the defense and settlement of such claim.

7. MISCELLANEOUS.

(a) Governing Law; Jurisdiction. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the Laws of the State of Delaware, without giving effect to any choice or conflict of laws provision or rule (whether of the State of Delaware or of any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware. Any legal action or other proceeding relating to this Agreement or the enforcement of any provision of this Agreement may be brought or otherwise commenced in the state and federal courts located in the State of Delaware. Each Party expressly and irrevocably consents and submits to the jurisdiction of such state and federal courts (and each appellate court thereof) in connection with any such legal proceeding. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH OF THE PARTIES WAIVES AND COVENANTS THAT IT NOT WILL ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, ACTION, CLAIM, CAUSE OF ACTION, SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTY THAT THIS SECTION 7(A) CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THE PARTIES ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT AND ANY OTHER AGREEMENTS RELATING HERETO OR CONTEMPLATED HEREBY. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 7(A) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

(b) Paragraph and Section Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof, affect the meaning or interpretation of this Agreement or of any term or provision hereof.

(c) Notices. All notices, demands and other communications to be given or delivered under this Agreement or by reason of the provisions hereunder shall be in writing (with e-mail to suffice) and shall be deemed given (a) when delivered by hand; (b) when received by the recipient if sent by a nationally recognized overnight courier (with proof of delivery); or (c) when transmitted via e mail to the e-mail address set out below (unless the sender receives a "bounceback" or other failure to deliver message notification) (or followed promptly by overnight delivery by a recognized courier or delivery service) if sent during normal business hours (8 a.m. to 5 p.m.) of the recipient, and on the next business day if sent after normal business hours of the recipient. Such notices, demands and other communications must be sent to a Party at the following addresses (or at such other address for a Party as such Party shall specify by like notice):

To Lessor:

Ligand Pharmaceuticals Incorporated
55 Heritage Drive, Suite 200
Jupiter, FL 33458
Attention: Chief Financial Officer

with copies (which shall not constitute notice) to:

Ligand Pharmaceuticals Incorporated
555 Heritage Drive, Suite 200
Jupiter, FL 33458
Attention: Chief Legal Officer

Latham & Watkins LLP
1271 Avenue of the Americas
New York, NY 10020
Telephone: (617)948-6060; (212) 906-1806
Attention: Peter Handrinos; Leah Sauter
Email: peter.handrinos@lw.com; leah.sauter@lw.com

To Lessee:

Pelthos Therapeutics Inc.
4020 Stirrup Creek Drive
Durham, NC 27703
Attention: Chief Executive Officer

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

Sullivan & Worcester LLP
1251 Avenue of the Americas
New York, NY 10020
Attention: David E. Danovitch, Esq.
Email: ddanovitch@sullivanlaw.com

Wyrick Robbins Yates & Ponton, LLP
4101 Lake Boone Trail, Suite 300
Raleigh, NC 27607
Attention: Kyle Still, Esq.
Email: kstill@wyrick.com

or to such other address as the party hereto to whom notice is given may have previously furnished to the other in writing in the manner set forth above.

(d) Successors and Assigns. Except as otherwise provided in this Agreement, no party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect; *provided*, *however*, that the Lessee may freely assign its rights hereunder to a Subsidiary; *provided*, *further*, that no such assignment shall reduce or otherwise vitiate any of the obligations of the Lessee or the Lessor hereunder. This Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto.

(e) Entire Agreement; Amendment and Waiver. This Agreement and the Merger Agreement and all other agreements contemplated thereby constitute the entire understanding of the parties hereto with respect to the provision of the Services and supersede all prior agreements or understandings, whether written or oral, with respect to the subject matter hereof among such parties. This Agreement may be amended, and the observance of any term of this Agreement may be waived, with (and only with) the duly authorized written consent of Lessee and Lessor. Neither course of dealing between Lessee and Lessor nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of either party hereto.

(f) Severability. In the event any of the provisions hereof is held by a court of competent jurisdiction to be invalid, illegal or unenforceable under applicable laws or public policy, the remaining provisions hereof will not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law. The parties further agree that, in such event, the parties will negotiate in good faith to modify and reform such provisions so as to effect the original intent of the parties as closely as possible with respect to those provisions which were held to be invalid, illegal or unenforceable.

(g) No Third Party Beneficiaries. This Agreement is not intended to confer in or on behalf of any Person not a party to this Agreement (and their successors and assigns) any rights, benefits, causes of action or remedies with respect to the subject matter or any provision hereof.

(h) Counterparts. This Agreement and all other documents related hereto may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The execution of this Agreement and any agreement or instrument entered into in connection with this Agreement, and any amendment hereto or thereto, by any of the parties hereto may be evidenced by way of portable document format (.pdf) transmission, or other electronic transmission of such party's signature, and such portable document format (.pdf) or other electronically transmitted signature shall be deemed to constitute the original signature of such party.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

LIGAND PHARMACEUTICALS INCORPORATED

By: /s/ Richard Baxter
Name: Richard Baxter
Title: Senior Vice President, Investment Operations

[Signature Page to Employee Lease Agreement]

PELTHOS THERAPEUTICS INC.

By: /s/ Scott M. Plesha
Name: Scott M. Plesha
Title: Chief Executive Officer

[Signature Page to Employee Lease Agreement]

SCHEDULE A
Employees

Exhibit 10.21

Execution Version

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this "Agreement"), executed as of July 1, 2025 (the "Effective Date"), is by and between Ligand Pharmaceuticals Incorporated, a Delaware with its principal place of business at 555 Heritage Drive, Suite 200, Jupiter, FL 33458 ("Ligand"), and LNHC, Inc., a Delaware corporation with its principal place of business at 4020 Stirrup Creek Drive, Suite 110, Durham, NC 27703 ("LNHC"). Ligand and LNHC are collectively referred to herein as the "Parties" and individually referred to herein as a "Party." Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in that certain Agreement and Plan of Merger, dated as of April 16, 2025, to which Ligand and LNHC are parties (the "Merger Agreement").

RECITALS

WHEREAS, pursuant to the Merger Agreement, LNHC shall become a wholly-owned subsidiary of Public Company; and

WHEREAS, in connection with the Merger Agreement, the Parties will enter into this Agreement, pursuant to which each Party shall provide, or cause to be provided, to the other Party certain services on a transitional basis after the Closing Date, on the terms and subject to the conditions set forth in this Agreement.

NOW, **THEREFORE**, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. SERVICES

1.1 **Provision of Services**.

(a) During the Term and subject to the terms and conditions herein, LNHC shall, or shall or cause its Affiliates or Third Party Service Providers (as defined below) to provide to Ligand each service set forth in Exhibit A (each, a "LNHC Service"). Except as otherwise expressly provided in Exhibit A, LNHC will be responsible for providing the equipment, Service Personnel (as defined below) and other resources required for LNHC's performance of the LNHC Services.

(b) During the Term and subject to the terms and conditions herein, Ligand shall, or shall or cause its Affiliates or Third Party Service Providers (as defined below) to provide to LNHC each service set forth in Exhibit B (each, a "Ligand Service" and together with the LNHC Services, the "Services"). Except as otherwise expressly provided in Exhibit B, Ligand will be responsible for providing the equipment, Service Personnel (as defined below) and other resources required for Ligand's performance of the Ligand Services.

(c) For purposes of this Agreement, "Provider" shall mean the Party providing or causing to be provided a Service under this Agreement, and "Recipient" shall mean the Party to whom a Service is being provided under this Agreement.

1.2 **Duration of Services**. Upon the terms and subject to the conditions of this Agreement, Provider shall provide (or cause to be provided) to Recipient each Service until the earliest to occur of, with respect to each such Service, (a) the time period associated with such Service in Exhibit A or Exhibit B, as applicable, (b) the date on which such Service is terminated in accordance with Article 5, and (c) the date on which this Agreement is terminated in accordance with Article 5 (with respect to each Service, a "Service Period").

1.3 **Additional Services**. From time to time after the Closing Date, the Parties may identify and mutually agree upon additional services to be provided to Recipient in accordance with the terms of this Agreement (the "Additional Services"). The Parties will amend Exhibit A or Exhibit B, as applicable, to add such each Additional Service.

1.4 **Modification of Services**. Without limiting the foregoing, the Parties acknowledge that the scope or characteristics of the Services may change during the Term.

(a) Subject to Provider's obligations under Section 1.9, Provider may make material changes from time to time in the manner of performing a Service if such changes are required by applicable Law; provided that (i) Provider shall notify Recipient prior to making such changes; (ii) Provider shall use commercially reasonable efforts to limit the disruption to the business or operations of Recipient caused by such changes; and (iii) if such changes would require Provider to provide a Service that it cannot reasonably provide using its then-current ordinary course resources and capabilities, Provider shall notify Recipient in writing, and the Parties will devise and perform a mutually acceptable alternative agreement in writing for the provision of the impacted Service.

(b) If either Party desires to materially modify the scope or characteristics of an existing Service that is not required by applicable Law, it shall notify the other Party in writing of the requested modification, as well as the anticipated effects of the modification. The Parties will discuss in good faith whether to implement the proposed modification; provided that no modification will be implemented unless the Parties amend Exhibit A or Exhibit B, as applicable, to reflect such material modifications. Provider may not make modifications, changes or enhancements to the Services (including the manner, nature, quality and/or standard of care of any Service provided to Recipient) without Recipient's prior written consent.

1.5 **Personnel**. Provider will make available such of Provider's employees and agents ("Service Personnel") as are reasonably required to provide each of the Services. Recipient acknowledges that Provider cannot guarantee the continued employment of specific employees of Provider or its Affiliates, and Provider shall not be responsible if a particular employee is no longer employed by Provider or its Affiliates. All Service Personnel providing Services under this Agreement shall be, and shall continue to be during the Term, employees or representatives solely of Provider (or its Affiliates) for purposes of all compensation and employee benefits and shall not be employees or representatives of Recipient. Service Personnel will be under the direction, control and supervision of Provider, and Provider will have the sole right to exercise all authority with respect to the employment, termination, assignment, and compensation of such Service Personnel. Provider (or its Affiliates) will be solely responsible for payment of (a) all income, disability, withholding, and other employment taxes and (b) all medical benefit premiums, vacation pay, sick pay, or other fringe benefits for any employees, agents, or contractors of Provider who perform the Services.

1.6 **Third Party Service Providers**. Provider may not subcontract any part of the Services without the prior written consent of Recipient. Any such delegation or appointment shall not release Provider from any of its obligations under this Agreement. Provider shall be responsible for the work and activities of each of its approved subcontractors ("Third Party Service Provider"), including compliance with the terms of this Agreement. Provider shall be responsible for all payments to Third Party Service Providers.

1.7 **Third Party Consents**. Where any permission, consent, agreement or authorization is required from a third party, whether under a contract with a third party or otherwise, for the provision of all or a portion of the Services by or on behalf of Provider, or their receipt by or on behalf of Recipient, pursuant to this Agreement (each, a "Third Party Consent"), Provider shall use commercially reasonable best efforts to obtain Third Party Consents from third parties with whom Provider has existing written agreement as necessary to enable Provider to perform the applicable Service(s). If Provider is unable to secure any such Third Party Consent, Provider shall assist Recipient in identifying alternate resources, if any. Provider shall not be required to perform any Services to the extent that the performance of such Services would require Provider to violate any applicable Law, rule or regulation, any contract or agreement to which Provider is a party or the rights of any third party with respect thereto.

1.8 **Cooperation**. Recipient shall provide Provider with such cooperation, assistance and information as Provider reasonably requests in connection with the Services. Without limiting the foregoing, each Party shall make available on a timely basis to the other Party and its Affiliates all information, materials and personnel reasonably requested by such Party in connection with the provision or receipt of the applicable Services, as applicable.

1.9 **Standard of Services**. Provider will provide the Services in accordance with the specifications or other standards set forth in Exhibit A or Exhibit B, as applicable. Without limiting the foregoing, Provider will perform, and as necessary will cause its Affiliates to perform, the Services (a) consistent with the level of skill, quality, care, timeliness, and cost-effectiveness as such services, functions, and tasks were maintained by Provider for Provider's business immediately prior to the Closing Date, (b) with no less than reasonable care and (c) exercising at least the same degree of care as it exercises in performing the same or similar services for its own account with performance at least equal to that provided to its own business operations. Provider will comply with all applicable Laws, and will obtain all applicable permits and licenses, in connection with its obligations under this Agreement. Provider shall cause all Service Personnel and Third Party Service Providers to comply with the standards set forth in this Section 1.9. Provider shall indemnify, defend and hold harmless Recipient and its Affiliates, and their respective directors, officers, employees, successors and assigns for and from any and all liabilities, expenses and losses, including reasonable legal expenses and attorneys' fees incurred by Recipient or any of its Affiliates in connection with any third party claims, demands, actions or other proceedings, to the extent arising under or out of: (i) the gross negligence, bad faith, fraud or willful misconduct of Provider or its Affiliates or its or their Service Personnel and Third Party Service Providers related to the provision of the Services under this Agreement; and (ii) any breach of this Section 1.9.

1.10 **Service Managers; Dispute Resolution**.

(a) The initial points of contact for Provider and Recipient, with respect to any matter relating to the day-to-day provision of any Service, including attempting to resolve any issue that may arise during the performance of such Service, shall be the service managers designated by each of the Parties in Exhibit A or Exhibit B, as applicable, as responsible for such Service (each such person, a "Service Manager"). The Service Managers shall have the authority to handle daily operational matters related to the Services and shall meet regularly (or as needed). Either Party may change its Service Manager for any Service upon written notice to the other Party.

(b) Prior to initiating any legal action in accordance with Section 9.12, any dispute, controversy or claim arising out of, relating to or otherwise in connection with the Services or this Agreement, or the breach, termination, or validity thereof (each, a "Dispute"), shall be resolved by submitting such Dispute first in writing to the relevant Service Manager of each Party, and the Service Managers shall seek to resolve such Dispute through informal, good-faith negotiation. In the event that any Dispute is not resolved by the Service Managers within ten (10) Business Days after the claiming Party notifies the other Party of the Dispute (during which time the Service Managers shall meet in person or by telephone as often as reasonably necessary to attempt to resolve the Dispute), the claiming Party will provide the other Party with a written dispute notice (a "Notice of Dispute") describing in reasonable detail the issue(s) in dispute and the claiming Party's position thereon, and the name and title of those senior executives who will represent the claiming Party in connection with such Dispute. The other Party shall, in response, designate those senior executives who will represent the other Party in connection with such Dispute. The respective senior executives designated by the Parties shall meet in person or by telephone as often as reasonably necessary to resolve the Dispute and shall reasonably confer in good faith to resolve the Dispute. If such senior executives decline to meet or, if they meet, fail to resolve the Dispute within thirty (30) Business Days after receipt of the Notice of Dispute, either Party may bring an action in accordance with Section 9.12 below to resolve the Dispute.

1.11 **Service Migration**. Recipient acknowledges and agrees that Provider is providing the Services, or causing the Services to be provided, on a transitional basis for the duration of the Term. In no event shall Recipient be responsible for providing any services or activities in connection with, or bearing any costs of, any such Services unless mutually agreed in writing by the Parties.

2. FEES AND PAYMENT

2.1 **Fees**. In consideration of Provider providing the Services, Recipient shall pay Provider's reasonable and out-of-pocket costs and fully-loaded full-time employee costs (without any mark-up by Provider) to provide the Services (the "Fees"). An estimate of the Fees for each Service is set forth in Exhibit A and Exhibit B. All Fees will be stated and payable in U.S. Dollars and invoiced in accordance with Section 2.3.

2.2 **Taxes**. If the provision or receipt of Services or the relationship created between the Parties under this Agreement gives rise to any taxes, including any applicable sales, use, gross receipts, excise, value-added, personal property, or services taxes, other than a tax based on Recipient's income, then such taxes shall be the responsibility of Provider, and Provider shall not withhold any such taxes from Fees otherwise payable hereunder.

2.3 **Payment; Invoices**. Within thirty (30) days after the end of each calendar quarter, Provider will submit one (1) invoice specifying, where applicable, the actual hours of the Services provided including the hours worked by each Service Personnel in connection with such Services and itemizing the Fees payable and to which Service such Fees are applicable, to Recipient for any amounts payable by Recipient under all applicable Services provided for the previous calendar quarter. To the extent that the Fees are payable on an hourly basis, Recipient shall only be obligated to pay for the actual hours of Services provided by the relevant Service Personnel during such calendar quarter. Subject to Recipient's dispute right pursuant to Section 2.4, Recipient will pay all amounts due pursuant to this Agreement within forty-five (45) days after the date of the applicable invoice from Provider. Late payments will be subject to accrual of interest at the lower of one and half percent (1.5%) per month or the highest rate permitted by applicable Law.

2.4 **Invoice Disputes**. In the event of an invoice dispute, Recipient shall deliver a written statement to Provider no later than ten (10) days prior to the date payment is due on the disputed invoice, listing and providing a detailed description of each disputed item, which shall include the disputed amount (the "Disputed Amount"). Amounts not so disputed, including all undisputed portions of any invoice hereunder, shall be deemed accepted and shall be paid, notwithstanding disputes on other items, within the period set forth in Section 2.3. The Parties shall seek to resolve all such disputes expeditiously and in good faith. If all or any portion of the Disputed Amount is determined to have been due to Provider, then Recipient shall pay the amount so due together with interest thereon at a rate which is the lower of one and half percent (1.5%) per month or the highest rate permitted by applicable Law.

2.5 **Audit**. Recipient shall have the right, upon reasonable written notice to Provider and at Recipient's cost, to engage a third party reasonably acceptable to Provider to audit any Fees under this Agreement, provided that such third party auditor is bound to similar confidentiality obligations herein. Such audit shall be conducted no more than once every calendar quarter and only during normal business hours. If such audit reveals an overcharge by Provider, then Provider shall promptly reimburse Recipient. If the audit reveals an overcharge by Provider of greater than five percent (5%) of the applicable Fees for any given calendar quarter, then the reasonable costs and expenses incurred in connection with such audit shall be borne by Provider.

3. INTELLECTUAL PROPERTY

3.1 **Background IP**. As between the Parties, (a) LNHC owns all right, title and interest in and to all intellectual property rights (i) owned or controlled by LNHC immediately after the Closing (as defined in the Merger Agreement); and (ii) developed, generated, derived or acquired by or on behalf of LNHC independently of this Agreement during the Term (clauses (a)(i) and (a)(ii), collectively, the "LNHC Background IP"); and (b) Ligand owns all right, title and interest in and to all intellectual property rights (i) owned or controlled by Ligand immediately after the Closing (as defined in the Merger Agreement); and (ii) developed, generated, derived or acquired by or on behalf of Ligand independently of this Agreement during the Term (clauses (b)(i) and (b)(ii), collectively, the "Ligand Background IP").

3.2 **Inventions**. Inventorship of inventions arising under this Agreement shall be determined by the rules of U.S. patent law.

(a) LNHC Services IP. As between the Parties, any and all discoveries, inventions, processes and improvements made by or on behalf of either Party or both Parties in connection with the performance of the LNHC Services under this Agreement and during the Term, together with all intellectual property rights therein (collectively, "LNHC Services IP") shall be solely owned by Ligand. LNHC shall cause its Affiliates, Service Personnel, and Third Party Service Providers (as applicable) to assign all LNHC Services IP made by or on behalf of such Affiliates, Service Personnel, and Third Party Service Providers to Ligand. LNHC hereby assigns LNHC's and its Affiliates, Service Personnel's, and Third Party Service Providers' right, title and interest in and to any and all LNHC Services IP to Ligand. LNHC shall provide or procure the provision of all assistance reasonably required to vest such LNHC Services IP in Ligand, at Ligand's reasonable expense.

(b) Ligand Services IP. As between the Parties, any and all discoveries, inventions, processes and improvements made by or on behalf of either Party or both Parties in connection with the performance of the Ligand Services under this Agreement and during the Term, together with all intellectual property rights therein (collectively, "Ligand Services IP" and, together with the LNHC Services IP, the "TSA IP") shall be solely owned by LNHC. Ligand shall cause its Affiliates, Service Personnel, and Third Party Service Providers (as applicable) to assign all Ligand Services IP made by or on behalf of such Affiliates, Service Personnel, and Third Party Service Providers to LNHC. Ligand hereby assigns Ligand's and its Affiliates, Service Personnel's, and Third Party Service Providers' right, title and interest in and to any and all Ligand Services IP to LNHC. Ligand shall provide or procure the provision of all assistance reasonably required to vest such Ligand Services IP in LNHC, at LNHC's reasonable expense.

3.3 **No Implied Licenses**. Except as expressly set forth herein, neither Party shall acquire any license, right or other interest, by implication or otherwise, under any intellectual property rights of the other Party.

(a) LNHC Services IP License. Ligand hereby grants to LNHC a non-exclusive, fully paid-up, royalty-free, non-transferable license under the Ligand Background IP and LNHC Services IP for the purposes of performing the LNHC Services under this Agreement, with the right to sublicense (through multiple tiers) solely to its Affiliates and its and their Third Party Service Providers. LNHC hereby grants to Ligand a non-exclusive, fully paid-up, royalty-free, irrevocable, perpetual, transferable license, with the right to grant further licenses, under the LNHC Background IP for the purposes of Ligand to receive the benefit of and exploit the results and deliverables of the LNHC Services under this Agreement for any purpose, with the right for Ligand to sublicense (through multiple tiers) such license to its Affiliates and any third party licensees.

(b) Ligand Services IP License. LNHC hereby grants to Ligand a non-exclusive, fully paid-up, royalty-free, non-transferable license under the LNHC Background IP and Ligand Services IP for the purposes of performing the Ligand Services under this Agreement, with the right to sublicense (through multiple tiers) solely to its Affiliates and its and their Third Party Service Providers. Ligand hereby grants to LNHC a non-exclusive, fully paid-up, royalty-free, irrevocable, perpetual, transferable license, with the right to grant further licenses, under the Ligand Background IP for the purposes of LNHC to receive the benefit of and exploit the results and deliverables of the Ligand Services under this Agreement for any purpose, with the right for LNHC to sublicense (through multiple tiers) such license to its Affiliates and any third party licensees.

4. DATA PROTECTION

4.1 **Data Protection**. Each Party shall comply, and shall cause its Affiliates to comply, with applicable privacy and data protection Laws in connection with the performance of its obligations under this Agreement. Prior to processing any personal information under or in connection with this Agreement, the Parties will enter into a written agreement governing such processing of personal information in accordance with applicable privacy and data protection Laws, mutually agreeable to both Parties.

5. TERM AND TERMINATION

5.1 **Term**. The term of this Agreement shall commence as of the Effective Date and expire upon the earlier of (a) the termination or expiration of all Service Periods; and (b) twelve (12) months from the Closing Date, unless otherwise earlier terminated in accordance with Section 5 (the "Term"). This Agreement may be extended either in whole or with respect to one or more of the Services in writing by mutual agreement of the Parties or in accordance with Exhibit A and Exhibit B, as applicable.

5.2 **Service Periods**. The Service Period for each Service shall be as specified in Exhibit A or Exhibit B, as applicable. Any Service may be discontinued upon the mutual written consent of the Parties, and, in such case, Exhibit A or Exhibit B, as applicable, shall be deemed amended to delete such Service as of such date of mutual written agreement of the Parties, and this Agreement shall be of no further force and effect for such Service, except as to obligations accrued prior to the effective date of discontinuation of such Service. All accrued and unpaid charges for any Service provided prior to the date of discontinuation that has been discontinued shall be due and payable upon termination of such Service pursuant to this Agreement and shall be paid by Recipient to Provider in accordance with Section 2.

5.3 **Termination of Services for Convenience**. Recipient may terminate any Service, in whole or in part with respect to such Service for any reason or no reason, upon at least thirty (30) days' prior written notice to Provider of such termination.

5.4 **Termination for Cause**. Either Party may terminate this Agreement or any Service with immediate effect by notice in writing to the other Party if such other Party is in material breach of any of its obligations under this Agreement and (if the breach is capable of being cured) has failed to cure the breach within thirty (30) days after receipt of notice thereof in writing from the terminating Party.

5.5 **Effect of Expiration or Termination**. In the event of termination of this Agreement in its entirety pursuant to this Section 5, or upon the expiration of the Term, this Agreement shall terminate or expire, as applicable, and cease to have further force or effect, and neither Party shall have any liability to the other Party with respect to this Agreement; provided, however, that:

(a) unless instructed otherwise by Recipient, upon expiration or termination of this Agreement, Provider shall use commercially reasonable efforts to complete any Services that are currently ongoing at the time of expiration or termination of this Agreement; and

(b) at Recipient's request, upon expiration or termination of this Agreement, Provider shall make available to Recipient, for thirty (30) days after the end of the Term, in the format then-maintained by Provider, all TSA IP that is owned by Recipient pursuant to Section 3.2 and any unfinished or partial work product or deliverables arising from the Services that is then in the possession of Provider.

Termination or expiration of this Agreement for any reason shall not release a Party from any liability or obligation that already has accrued as of the effective date of such termination or expiration, as applicable, and shall not constitute a waiver or release of, or otherwise be deemed to adversely affect, any rights, remedies or claims which a Party may have hereunder at Law, in equity or otherwise or which may arise out of or in connection with such termination or expiration.

5.6 **Survival**. Sections 3, 5.5, 5.6, 6, 8 and 9 shall survive termination or expiration of this Agreement.

6. CONFIDENTIALITY

6.1 **Confidential Information**. "Confidential Information" means all proprietary and confidential information disclosed by or on behalf of a Party (the "Disclosing Party") to the other Party (the "Receiving Party"), whether in written, oral, graphic, electronic or other form, that is either indicated to be proprietary or confidential information of the Disclosing Party or which by its nature the Receiving Party would reasonably deem to be confidential or proprietary (including inventions, trade secrets, know-how, research and development materials, firmware, designs, schematics, techniques, software code, technical documentation, specifications, plans and any other information relating to any research project, work in process, scientific, engineering, manufacturing, marketing or business plan), and includes information of any third party to whom the Disclosing Party owes a duty of confidentiality; provided, that Confidential Information does not include, and there shall be no confidentiality or use obligations hereunder with respect to, information that, as demonstrated by competent proof: (a) is or becomes generally available to the public, other than as a result of a disclosure in breach of this Agreement by the Receiving Party, its Affiliates or its or their representatives; (b) was already known to the Receiving Party, other than under an obligation of confidentiality, at the time of disclosure by the Disclosing Party; (c) becomes available to the Receiving Party from a third party not known to the Receiving Party to be bound by any confidentiality obligation owed to the Disclosing Party; or (d) is independently developed by or on behalf of the Receiving Party without use of or reference to the Disclosing Party's Confidential Information.

6.2 **Obligations**. The Receiving Party shall, and shall cause its Affiliates and its and their respective representatives, successors and assigns to, safeguard the Disclosing Party's Confidential Information with the same degree of care used by the Receiving Party to protect its own Confidential Information of a similar nature, but in no event less than a reasonable degree of care. Except as authorized in writing by the Disclosing Party, neither Party may use or disclose or permit to be disclosed any of the Disclosing Party's Confidential Information to any Person, except, to the extent reasonably required in connection with the performance or receipt of Services by Provider or Recipient, as the case may be, to those of its Affiliates and its and their representatives who are informed by such Party of the confidential nature of the information and are bound to maintain its confidentiality; provided, that Provider may, to the extent reasonably required in connection with the performance of Services pursuant to this Agreement, disclose Recipient's Confidential Information to its and its Affiliates' Third Party Service Providers ("Representatives") in accordance with the terms of Section 1.6. Provider shall be responsible for the breach of this Agreement by its Representatives as if such breach were by Provider itself.

6.3 **Exceptions**. Notwithstanding anything contained herein to the contrary, Sections 6.1 and 6.2 shall not restrict the Receiving Party from disclosing the Disclosing Party's Confidential Information as may be required or requested by applicable Law or legal, judicial or regulatory process (including to the extent required or requested by any Governmental Entity in connection with any such Law or legal, judicial or regulatory process) or related litigation. In the event that the Receiving Party is required or requested by applicable Law or legal, judicial or regulatory process (including to the extent required or requested by any Governmental Entity in connection with any such Law or legal, judicial or regulatory process) or related litigation (including by way of deposition, interrogatory, request for documents, subpoena, civil investigative demand, or formal regulatory request) to disclose any Confidential Information of the Disclosing Party, the Receiving Party shall, to the extent permitted by Law, provide the Disclosing Party with prompt prior written notice of such requirement so that the Disclosing Party may seek a protective order or other similar remedy. The Receiving Party shall reasonably cooperate with the Disclosing Party, at the Disclosing Party's expense, in connection with the Disclosing Party's seeking of such protective order or similar remedy. In the event that such protective order or other similar remedy is not obtained or the Disclosing Party waives compliance with the provisions of this Section 6.3, the Receiving Party may furnish only that portion of the Confidential Information that is required or requested, and shall request that confidential treatment be accorded such disclosed Confidential Information. Confidential Information disclosed pursuant to the foregoing shall remain subject to the terms of this Agreement as between the Parties.

6.4 **Destruction of Confidential Information**. Upon any termination or expiration of this Agreement, the Receiving Party will destroy all copies (other than archival copies made in the ordinary course) of the Disclosing Party's Confidential Information. A Receiving Party will not retain any of the Disclosing Party's Confidential Information, including as a means of resolving any dispute. A Receiving Party will not possess or assert any lien or other right against or to the Disclosing Party's Confidential Information.

7. DISCLAIMERS. EXCEPT AS EXPRESSLY SET FORTH HEREIN, PROVIDER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE SERVICES PROVIDED BY OR ON BEHALF OF PROVIDER HEREUNDER, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND PROVIDER HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SERVICES PROVIDED BY OR ON BEHALF OF PROVIDER HEREUNDER.

8. LIMITATIONS ON LIABILITY.

8.1 IN NO EVENT WILL A PARTY BE LIABLE TO THE OTHER PARTY FOR ANY LOST PROFITS OR LOSS OF USE OR FOR ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, IN CONNECTION WITH THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

8.2 TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL LNHC'S CUMULATIVE LIABILITY ARISING OUT OF THIS AGREEMENT EXCEED THE TOTAL AMOUNT OF FEES PAID BY LIGAND FOR THE LNHC SERVICES UNDER THIS AGREEMENT.

8.3 TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL LIGAND'S CUMULATIVE LIABILITY ARISING OUT OF THIS AGREEMENT EXCEED THE TOTAL AMOUNT OF FEES PAID BY LNHC FOR THE LIGAND SERVICES UNDER THIS AGREEMENT.

8.4 THE LIMITATIONS OF LIABILITY SET FORTH IN THIS SECTION 8 SHALL NOT APPLY TO LIMIT EITHER PARTY'S INDEMNIFICATION OBLIGATION AS PROVIDER PURSUANT TO SECTION 1.9, EITHER PARTY'S LIABILITY FOR BREACHES OF CONFIDENTIALITY OR SECURITY OBLIGATIONS HEREUNDER OR EITHER PARTY'S LIABILITY FOR ITS GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT.

9. MISCELLANEOUS

9.1 **Headings**. The table of contents and section headings contained in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement or affect in any way the meaning or interpretation of this Agreement.

9.2 **Terms Generally**. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Whenever the context may require, words using the singular or plural number also include the plural or singular number, respectively. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The words "hereby," "herewith," "hereto," "herein," "hereof" and "hereunder" and words of similar import refer to this Agreement (including the Exhibits to this Agreement) in its entirety and not to any part hereof unless the context shall otherwise require. The word "or" has the inclusive meaning represented by the phrase "and/or." Unless the context shall otherwise require, all references herein to Sections and Exhibits shall be deemed references to Sections and Exhibits of this Agreement and references to "paragraphs" or "clauses" shall be to separate paragraphs or clauses of the section or subsection in which the reference occurs. Unless the context shall otherwise require, any references to any Contract (including this Agreement) or Law shall be deemed to be references to such Contract or Law as amended, supplemented or modified from time to time in accordance with its terms and the terms hereof, as applicable, and in effect at any given time (and, in the case of any Law, to any successor provisions). Unless the context shall otherwise require, references to any Person include references to such Person's successors and permitted assigns, and in the case of any Governmental Entity, to any Person(s) succeeding to its functions and capacities. Any reference to any federal, state, local, or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder and references to any Law shall be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation, unless the context shall otherwise require. Any reference in this Agreement to a "day" or a number of "days" (without explicit reference to "Business Days") shall be interpreted as a reference to a calendar day or number of calendar days. If any action is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action may be deferred until the next Business Day. Except as otherwise expressly provided herein, any reference in this Agreement to a date or time shall be deemed to be such date or time in Jupiter, Florida. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP. All monetary figures shall be in United States dollars unless otherwise specified.

9.3 **Construction**. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

9.4 **Independent Contractor**. In providing Services hereunder, Provider and its Affiliates and its and their Third Party Service Providers shall act solely as independent contractors. Nothing herein shall constitute or be construed to be or create in any way or for any purpose a partnership, joint venture or principal-agent relationship between the Parties. Neither Party, or any of its Affiliates, or its or their representatives, shall have any power or authority to control the activities and/or operations of the other Party or to bind or commit the other Party in any way. For the avoidance of doubt, each Party shall be solely responsible for the operation of its business and the decisions and actions taken in connection therewith, and nothing contained herein shall impose any liability or responsibility on the other Party with respect thereto.

9.5 **No Third-Party Beneficiaries**. This Agreement is not intended to confer in or on behalf of any Person not a party to this Agreement (and their successors and assigns) any rights, benefits, causes of action or remedies with respect to the subject matter or any provision hereof.

9.6 **Force Majeure**. Either Party may be temporarily excused from performance under this Agreement if any force majeure event, including riots, fire, widespread disease or pandemic, acts of governmental authorities (such as quarantines or business shutdowns or other limitations on business operations, or other laws, regulations or orders to address other events or circumstances that would be a force majeure event under this Agreement), riots or protests, cyberattacks (such as hacking, viruses, ransomware or other compromises to information technology systems), strikes, governmental laws, regulations, or other occurrence beyond the reasonable control of such Party. In any such event, each Party's obligations under this Agreement shall be postponed for such time as its performance is suspended or delayed on account thereof. The affected Party will notify the other Party, in writing, upon learning of the occurrence of such event of force majeure that directly affects such Party and the performance of the activities under this Agreement. Upon the cessation of the force majeure event, the affected Party will promptly resume its performance under this Agreement unless the applicable Services have been terminated by the other Party.

9.7 **Remedies**. Notwithstanding anything in this Agreement to the contrary, each Party recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement may cause the other Party to sustain irreparable harm for which it would not have an adequate remedy at Law, and therefore in the event of any such breach the aggrieved Party shall, without the posting of bond or other security (any requirement for which the Parties hereby waive), be entitled to seek the remedy of specific performance of such covenants and agreements, including injunctive and other equitable relief, in addition to any other remedy to which it might be entitled.

9.8 **Notices**. All notices, demands and other communications to be given or delivered under this Agreement or by reason of the provisions hereunder shall be in writing (with e-mail to suffice) and shall be deemed given (a) when delivered by hand; (b) when received by the recipient if sent by a nationally recognized overnight courier (with proof of delivery); or (c) when transmitted via e-mail to the e-mail address set out below (unless the sender receives a "bounceback" or other failure to deliver message notification) (or followed promptly by overnight delivery by a recognized courier or delivery service) if sent during normal business hours (8 a.m. to 5 p.m.) of the recipient, and on the next Business Day if sent after normal business hours of the recipient. Such notices, demands and other communications must be sent to a Party at the following addresses (or at such other address for a Party as such Party shall specify by like notice):

If to Ligand:

Ligand Pharmaceuticals Incorporated
555 Heritage Drive, Suite 200
Jupiter, FL 33458
Attention: CFO

Copies (which shall not constitute notice) to:

Ligand Pharmaceuticals Incorporated
555 Heritage Drive, Suite 200
Jupiter, FL 33458
Attention: Chief Legal Officer

Latham & Watkins, LLP
200 Clarendon Street
Boston, MA 02116
Attn: Peter Handrinos, Esq.
Email: peter.handrinos@lw.com

If to LNHC:

LNHC, Inc.
4020 Stirrup Creek Drive, Suite 110
Durham, NC 27703
Attention: CEO

Copies (which shall not constitute notice) to:

Pelthos Therapeutics Inc.
4020 Stirrup Creek Drive, Suite 110
Durham, NC 27703
Attention: CEO

Sullivan & Worcester LLP
1251 Avenue of the Americas
New York, NY 10020
Attention: David Danovitch, Esq.
Email: ddanovitch@sullivanlaw.com

or to such other address with respect to a Party as such Party notifies the other in writing as above provided.

9.9 **Severability**. In the event any of the provisions hereof is held by a court of competent jurisdiction to be invalid, illegal or unenforceable under applicable Laws or public policy, the remaining provisions hereof will not be affected thereby. In such event, the Parties hereto agree to negotiate in good faith to modify and reform such provisions so as to effect the original intent of the Parties as closely as possible with respect to those provisions which were held to be invalid, illegal or unenforceable. Notwithstanding the foregoing, this Section 9.9 shall not be severable.

9.10 **Amendments and Waivers**. This Agreement may not be amended, supplemented or otherwise modified except in a written instrument which makes reference to this Agreement and is executed by each of the Parties. No waiver by any of the Parties of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No waiver by any of the Parties of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the Party sought to be charged with such waiver.

9.11 **Assignment**. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may assign (by contract, stock sale, operation of Law or otherwise) either this Agreement or any of its rights, interests, or obligations hereunder without the express prior written consent of the other Party; provided, however, that either Party may assign either this Agreement or any of its rights, interests, or obligations hereunder to one of its Affiliates. Any attempted assignment in violation of this Section 9.11 shall be null and void.

9.12 **Governing Law; Jurisdiction; Waiver of Jury Trial**

(a) This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the Laws of the State of Delaware, without giving effect to any choice or conflict of laws provision or rule (whether of the State of Delaware or of any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

(b) Any legal action or other proceeding relating to this Agreement or the enforcement of any provision of this Agreement may be brought or otherwise commenced in the state and federal courts located in the State of Delaware. Each Party expressly and irrevocably consents and submits to the jurisdiction of such state and federal courts (and each appellate court thereof) in connection with any such legal proceeding.

(c) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH OF THE PARTIES WAIVES AND COVENANTS THAT IT NOT WILL ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, ACTION, CLAIM, CAUSE OF ACTION, SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTY THAT THIS SECTION 9.12(c) CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THE PARTIES ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT AND ANY OTHER AGREEMENTS RELATING HERETO OR CONTEMPLATED HEREBY. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 9.12(c) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

9.13 **Counterparts**. This Agreement and all other documents related hereto may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The execution of this Agreement and any agreement or instrument entered into in connection with this Agreement, and any amendment hereto or thereto, by any of the Parties may be evidenced by way of portable document format (.pdf) transmission, or other electronic transmission of such Party's signature, and such portable document format (.pdf) or other electronically transmitted signature shall be deemed to constitute the original signature of such Party.

9.14 **Entire Agreement**. This Agreement, the Merger Agreement, and any and all attachments, schedules, exhibits hereto and thereto, contain the complete agreement between the Parties with respect to the transactions contemplated hereby and thereby and supersede all prior agreements and understandings between the Parties with respect to the subject matter of this Agreement. The Parties agree that prior drafts of this Agreement and the other documents contemplated by this Agreement will be deemed not to provide any evidence as to the meaning of any provision hereof or thereof or the intent of the Parties with respect hereto or thereto.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

LIGAND PHARMACEUTICALS INCORPORATED

By: /s/ Richard Baxter
Name: Richard Baxter
Title: Senior Vice President, Investment Operations

LNHC, INC.

By: /s/ Scott M. Plesha
Name: Scott M. Plesha
Title: Chief Executive Officer

[Signature Page to Transition Services Agreement]

Exhibit A
LNHC Services

Exhibit B
Ligand Services

Exhibit 99.1

Channel Therapeutics Announces Reverse Common Stock Split in Conjunction with the Close of the Merger with Pelthos Therapeutics and Concurrent $50.1 Million Private Placement

FREEHOLD, N.J., June 27, 2025 (GLOBE NEWSWIRE) – Channel Therapeutics Corporation, ("Channel" or the "Company"), (NYSE American: CHRO), an emerging leader in the development of non-opioid pain treatment therapeutics, today announced a 10-for-one reverse split (the "Reverse Stock Split") of the Company's common stock (the "Common Stock"). The Reverse Stock Split is intended to increase the market price per share of the Company's Common Stock and help the Company satisfy the initial listing requirements of the NYSE American (the "NYSE American") in connection with the anticipated closing of the previously announced merger of CHRO Merger Sub, Inc., a wholly owned subsidiary of the Company, with and into LNHC, Inc. and the related approximately $50 million in capital to be raised from a group of strategic investors led by Murchinson (together, the "Proposed Transactions").

On April 16, 2025, the Company's stockholders approved a reverse stock split of the Company's Common Stock at a ratio in the range of 5-for-one to 25-for-one, with such ratio to be determined by the Company's Board of Directors. The Reverse Stock Split is expected to be effective before market open on July 1, 2025 (the "Effective Time") and the Company's Common Stock will begin trading on a split-adjusted basis on the NYSE American under the name "Pelthos Therapeutics Inc." at the market open on July 2, 2025.

At the Effective Time, every 10 issued and outstanding shares of the Company's Common Stock will be converted into one share of the Company's Common Stock. Once effective, the Reverse Stock Split will reduce the number of issued and outstanding shares of Common Stock from approximately 6,485,007 to approximately 648,501 shares, notwithstanding reconciliation of fractional shares.

Each stockholder's percentage ownership interest in the Company will remain unchanged as a result of the Reverse Stock Split. No fractional shares shall be issued in connection with the Reverse Stock Split, and any fractional shares resulting from the Reverse Stock Split will be rounded up at the participant level with The Depository Trust Company. Each certificate that immediately prior to the Effective Time represented shares of Common Stock shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the certificate shall have been combined, subject to the elimination of fractional share interests as described above. Holders of the Company's Common Stock held in book-entry form or through a bank, broker or other nominee do not need to take any action in connection with the Reverse Stock Split. Stockholders of record will be receiving information from Nevada Agency and Transfer Company ("NATCO"), the Company's transfer agent, regarding their stock ownership following the Reverse Stock Split. NATCO may be reached for questions at (775) 322-0626.

The Reverse Stock Split will not modify any rights or preferences of the Company's Common Stock. The trading symbol for the Company's Common Stock will remain "CHRO". Upon the consummation of the Proposed Transactions, the trading symbol for the Company's Common Stock will be "PTHS". The new CUSIP number for the Company's Common Stock following the Reverse Stock Split will be 171126 204.

Additional information about the Reverse Stock Split can be found in the Company's Definitive Information Statement filed with the Securities and Exchange Commission (the "SEC") on May 27, 2025, a copy of which is also available at www.sec.gov or at www.channeltherapeutics.com under the "SEC Filings" tab.

About Channel

Channel Therapeutics Corporation is a clinical-stage biotechnology company focused on developing and commercializing novel, non-opioid, non-addictive therapeutics to alleviate pain. The Company's initial clinical focus is to selectively target the sodium ion-channel known as NaV1.7 for the treatment of various types of systemic chronic pain, acute and chronic eye pain and post-surgical nerve blocks. For company updates and to learn more about Channel, visit www.channeltherapeutics.com or follow us on social media.

Important Information About the Proposed Transactions and Where to Find It

This press release relates to the previously announced Proposed Transaction. For additional information on the Proposed Transaction, see the Company's Current Report on Form 8-K, filed on April 17, 2025. In connection with the Proposed Transaction, the Company has filed relevant materials with the SEC, including an information statement on Schedule 14C. The Company's stockholders and other interested persons are advised to read the information statement and documents incorporated by reference therein filed in connection with the Proposed Transaction on May 27, 2025, as these materials contain important information about LNHC, the Company and the Proposed Transaction. The Company has mailed the definitive information statement to each stockholder entitled to consent to the approval of the Proposed Transaction and the other items set forth in the information statement. The documents filed by the Company with the SEC may be obtained free of charge at the SEC's website at www.sec.gov, or by directing a request to the Company at 4400 Route 9 South, Suite 1000, Freehold, New Jersey 07728.

No Offer or Solicitation

This communication is not intended to and shall not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made, except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Forward-Looking Statements

This press release contains forward-looking statements regarding the Company's current expectations. These forward-looking statements include, without limitation, references to the Company's expectations regarding the Reverse Stock Split's increasing the market price per share of the Company's Common Stock and helping the Company satisfy the initial listing requirements of the NYSE American. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ materially from those set forth in such forward-looking statements include, but are not limited to, risks and uncertainties related to whether the combined company will satisfy the initial listing requirements of the NYSE American or will continue to meet the NYSE American listing standards in the future and uncertainty relating to the timing and consummation of the Proposed Transaction between the Company and LNHC. These and other risks and uncertainties are described more fully in in our filings with the U.S. Securities and Exchange Commission. The information in this press release is provided only as of the date of this press release, and we undertake no obligation to update any forward-looking statements contained in this press release based on new information, future events, or otherwise, except as required by law.

Channel Media and Investor Inquires:

For Investor Inquiries:
Mike Moyer
Managing Director, LifeSci Advisors, LLC
mmoyer@lifesciadvisors.com

Exhibit 99.2

Pelthos Therapeutics Completes Merger with Channel Therapeutics and Closes $50.1 Million Private Placement

The combined company plans to launch ZELSUVMI™ for the treatment of molluscum contagiosum infections in July 2025

Concurrent with the closing of the merger, the combined company closed on a $50.1 million equity private placement

Combined company will operate under the name "Pelthos Therapeutics Inc." and will trade on the NYSE American exchange under the ticker symbol "PTHS" starting on July 2, 2025

DURHAM, N.C., July 2, 2025– Pelthos Therapeutics Inc., a biopharmaceutical company committed to commercializing innovative therapeutic products for high unmet patient needs, today announced the closing of the previously announced merger agreement pursuant to which CHRO Merger Sub Inc. ("Merger Sub"), a wholly owned subsidiary of Channel Therapeutics Corporation ("Channel"), merged with and into LNHC, Inc. ("LNHC"), a wholly owned subsidiary of Ligand Pharmaceuticals Incorporated ("Ligand") (Nasdaq: LGND), with LNHC surviving as a wholly owned subsidiary of Channel (the "Merger"). The combined company will operate under the name Pelthos Therapeutics Inc. ("Pelthos" or the "Company"), and its shares will trade on the NYSE American exchange starting on July 2, 2025 under the new ticker symbol "PTHS".

"This Merger represents a significant milestone for Pelthos, taking us closer to the launch of ZELSUVMI™ and enabling us to deliver this innovative product to the patients who need it. We are excited to begin this new chapter as a publicly traded company and to create value for our shareholders," said Scott Plesha, the CEO of the Company following the Merger.

Concurrent with the Merger, Pelthos closed on a $50.1 million private placement from a group of strategic investors led by Murchinson Ltd. ("Investors"). The capital is being invested into Pelthos' shares of Series A Convertible Preferred Stock, par value $0.0001 per share (the "Series A Preferred Stock") and common stock, par value $0.01, and includes cancellation of approximately $18.8 million in bridge capital that has been advanced to Pelthos by certain of the private placement Investors since the beginning of 2025 to support the commercial launch of ZELSUVMI™.

Pelthos will initially focus on the launch and commercialization of ZELSUVMI™ (berdazimer) topical gel, 10.3%, for the treatment of *molluscum contagiosum* infections ("molluscum") in adults and pediatric patients one year of age and older.[1] ZELSUVMI™ is an FDA-designated novel drug and the first and only prescription medication approved for the treatment of molluscum that can be administered at home by parents, patients, and caregivers. Molluscum is a poxvirus and one of the most common skin infections seen by dermatologists, pediatric dermatologists, and pediatricians, afflicting an estimated 16.7 million people in the United States.[2,3]

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[1] Please see ZELSUVMI™ (berdazimer) topical gel full prescribing information available at https://www.fda.gov/drugsatfda for important safety information or www.zelsuvmi.com

[2] US Census Bureau. QuickFacts: United States.2022. https://www.census.gov/quickfacts/fact/table/US/PST045222

[3] Hebert AA, et al. J Clin Aesthet Dermatol. 2023 Aug;16(8 Suppl 1):S4-S11

Additionally, Pelthos is continuing to evaluate the path forward for its existing NaV 1.7 development programs for the treatment of various types of chronic pain, acute and chronic eye pain, and post-surgical nerve blocks.

Frank Knuettel II, former CEO of Channel Therapeutics Corporation and the newly appointed CFO of Pelthos, added, “I am pleased to have completed the Merger on behalf of Channel’s shareholders, and I am delighted to join the high-caliber team at Pelthos to help guide the launch of ZELSUVMI™. The management team has extensive experience in successfully launching new therapies, and I believe this transaction will position Pelthos for future growth.”

A.G.P. / Alliance Global Partners served as financial advisor to Channel. Sullivan & Worcester LLP served as Channel’s legal counsel and Latham & Watkins LLP served as lead counsel to Ligand. Kelley Drye & Warren LLP and Morgan, Lewis and Bockius LLP represented Murchinson Ltd.

About ZELSUVMI™ (berdazimer) topical gel, 10.3%
ZELSUVMI™ (berdazimer) topical gel, 10.3% is a nitric oxide (NO) releasing agent indicated for the topical treatment of *molluscum contagiosum* in adults and pediatric patients one year of age and older. ZELSUVMI™ received a novel drug designation from the U.S. Food and Drug Administration in 2024 and is the first and only approved topical prescription medication that can be applied by patients, parents, or caregivers at home, outside of a physician's office, or other medical setting to treat this highly contagious viral skin infection. The product was developed using Pelthos’ proprietary nitric oxide-based technology platform, NITRICIL™. Complete prescribing information and important safety information is available at www.zelsuvmi.com.

About Pelthos Therapeutics
Pelthos Therapeutics is a biopharmaceutical company committed to commercializing innovative, safe, and efficacious therapeutic products to help patients with unmet treatment burdens. The company’s lead product ZELSUVMI™ (berdazimer) topical gel, 10.3%, for the treatment of *molluscum contagiosum*, was approved by the U.S. Food and Drug Administration in 2024. More information is available at www.pelthos.com. Follow Pelthos on LinkedIn and X.

Forward-Looking Statements

This press release contains forward-looking statements, as defined in Section 21E of the Securities Exchange Act of 1934, regarding Pelthos' current expectations. All statements, other than statements of historical fact, could be deemed to be forward-looking statements. In some instances, words such as "plans," "believes," "expects," "anticipates," and "will," and similar expressions, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our good faith beliefs (or those of the indicated third parties) and speak only as of the date hereof. These forward-looking statements include, without limitation, references to our expectations regarding (i) our belief that investors should feel encouraged that Pelthos has a strong development path towards successfully launching drugs with considerable market opportunities, (ii) the timing of clinical and regulatory events of us and our partners, (iii) the timing of the initiation or completion of preclinical studies and clinical trials by us and our partners; (iv) the timing of product launches, including ZELSUVMI; (v) guidance regarding projected financial results for 2025 and beyond, (vi) the anticipated benefits of the Merger between LNHC and Channel and (vii) the combined company's opportunities, strategy and plans following the Merger. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Factors that could cause actual results to differ materially from those set forth in such forward-looking statements include, but are not limited to, risks and uncertainties related to there being no guarantee that the trading price of the combined company's Common Stock will be indicative of the combined company's value or that the combined company's Common Stock will become an attractive investment in the future; we may rely on collaborative partners for milestone payments, royalties, materials revenue, contract payments and other revenue projections and may not receive expected revenue; we and our partners may not be able to timely or successfully advance any product(s) in our internal or partnered pipeline or receive regulatory approval and there may not be a market for the product(s) even if successfully developed and approved; and changes in general economic conditions, including as a result of war, conflict, epidemic diseases, the implementation of tariffs, and ongoing or future litigation could expose us to significant liabilities and have a material adverse effect on us. These and other risks and uncertainties are described more fully in our filings with the U.S. Securities and Exchange Commission. The information in this press release is provided only as of the date of this press release, and we undertake no obligation to update any forward-looking statements contained in this press release based on new information, future events, or otherwise, except as required by law.

Contacts

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