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

FORM 10-Q
(Mark one)

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

For the quarterly period ended September 30, 2023

OR

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

For the transition period from _____ to _____

Commission File Number: 001-41063

JOURNEY MEDICAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**47-1879539**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9237 E Via de Ventura Blvd., Suite 105, Scottsdale, AZ 85258
(Address of principal executive offices and zip code)

(480) 434-6670
(Registrant's telephone number, including area code)

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	DERM	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-accelerated Filer	☒	Smaller Reporting Company	☒
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. ☐

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding Shares as of November 9, 2023
Common Stock Class A, $0.0001 par value	6,000,000
Common Stock, $0.0001 par value	12,508,449

JOURNEY MEDICAL CORPORATION
Quarterly Report on Form 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited)

JOURNEY MEDICAL CORPORATION
Unaudited Condensed Consolidated Balance Sheets
(Dollars in thousands except for share and per share amounts)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 24,749	$ 32,003
Accounts receivable, net of reserves	7,989	28,208
Inventory	11,024	14,159
Prepaid expenses and other current assets	924	3,309
Total current assets	44,686	77,679
Intangible assets, net	21,102	27,197
Operating lease right-of-use asset, net	124	189
Other assets	6	95
Total assets	**$ 65,918**	**$ 105,160**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 28,164	$ 36,570
Due to related party	1,093	413
Accrued expenses	16,026	19,388
Accrued interest	—	160
Income taxes payable	130	35
Line of credit	—	2,948
Deferred cash payment (net of discount of $9)	—	4,991
Installment payments – licenses, short-term	3,000	2,244
Operating lease liability, short-term	97	83
Total current liabilities	48,510	66,832
Term loan, long-term (net of debt discount of $174)	—	19,826
Installment payments – licenses, long-term	—	1,412
Operating lease liability, long-term	34	108
Total liabilities	**48,544**	**88,178**
Commitments and contingencies (Note 14)		
Stockholders' equity		
Common stock, $.0001 par value, 50,000,000 shares authorized, 12,496,782 and 11,765,700 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	1	1
Common stock - Class A, $.0001 par value, 50,000,000 shares authorized, 6,000,000 shares issued and outstanding as of September 30, 2023 and December 31, 2022	1	1
Additional paid-in capital	87,584	85,482
Accumulated deficit	(70,212)	(68,502)
Total stockholders' equity	17,374	16,982
Total liabilities and stockholders' equity	**$ 65,918**	**$ 105,160**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

JOURNEY MEDICAL CORPORATION
Unaudited Condensed Consolidated Statements of Operations
(Dollars in thousands except for share and per share amounts)

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Product revenue, net	$ 15,279	$ 16,043	$ 44,405	$ 55,074
Other revenue	19,260	73	19,519	2,629
Total revenue	34,539	16,116	63,924	57,703
Operating expenses				
Cost of goods sold – product revenue	6,429	7,221	20,645	23,057
Research and development	2,229	2,812	6,036	6,687
Selling, general and administrative	8,636	15,575	34,069	45,481
Loss on impairment of intangible assets	—	—	3,143	—
Total operating expenses	17,294	25,608	63,893	75,225
Income (loss) from operations	17,245	(9,492)	31	(17,522)
Other expense (income)				
Interest income	(8)	(3)	(209)	(10)
Interest expense	268	559	1,674	1,402
Foreign exchange transaction losses	101	22	181	22
Total other expense (income)	361	578	1,646	1,414
Income (loss) before income taxes	**16,884**	**(10,070)**	**(1,615)**	**(18,936)**
Income tax expense	95	10	95	50
Net income (loss)	$ **16,789**	$ **(10,080)**	$ **(1,710)**	$ **(18,986)**
Net income (loss) per common share:				
Basic	$ 0.91	$ (0.57)	$ (0.09)	$ (1.09)
Diluted	$ 0.80	$ (0.57)	$ (0.09)	$ (1.09)
Weighted average number of common shares:				
Basic	18,416,368	17,618,064	18,078,437	17,464,561
Diluted	21,034,758	17,618,064	18,078,437	17,464,561

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

JOURNEY MEDICAL CORPORATION
Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity
(Dollars in thousands except for share and per share amounts)

Nine-Month Period Ended September 30, 2023

	Common Stock		Common Stock A		Additional	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance as of December 31, 2022	**11,765,700**	**$ 1**	**6,000,000**	**$ 1**	**$ 85,482**	**$ (68,502)**	**$ 16,982**
Share-based compensation	—	—	—	—	2,077	—	2,077
Exercise of options for cash	23,000	—	—	—	25	—	25
Issuance of common stock for vested restricted stock units	708,082	—	—	—	—	—	—
Net loss	—	—	—	—	—	(1,710)	(1,710)
Balance as of September 30, 2023	**12,496,782**	**$ 1**	**6,000,000**	**$ 1**	**$ 87,584**	**$ (70,212)**	**$ 17,374**

Three-Month Period Ended September 30, 2023

	Common Stock		Common Stock A		Additional	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance as of June 30, 2023	**12,133,890**	**$ 1**	**6,000,000**	**$ 1**	**$ 87,004**	**$ (87,001)**	**$ 5**
Share-based compensation	—	—	—	—	558	—	558
Exercise of options for cash	18,000	—	—	—	22	—	22
Issuance of common stock for vested restricted stock units	344,892	—	—	—	—	—	—
Net income	—	—	—	—	—	16,789	16,789
Balance as of September 30, 2023	**12,496,782**	**$ 1**	**6,000,000**	**$ 1**	**$ 87,584**	**$ (70,212)**	**$ 17,374**

Nine-Month Period Ended September 30, 2022

	Common Stock		Common Stock A		Additional	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance as of December 31, 2021	**11,316,344**	**$ 1**	**6,000,000**	**$ 1**	**$ 80,915**	**$ (38,874)**	**$ 42,043**
Share-based compensation	—	—	—	—	2,985	—	2,985
Exercise of stock options for cash	155,649	—	—	—	142	—	142
Issuance of common stock for vested restricted stock units	170,666	—	—	—	—	—	—
Net loss	—	—	—	—	—	(18,986)	(18,986)
Balance as of September 30, 2022	**11,642,659**	**$ 1**	**6,000,000**	**$ 1**	**$ 84,042**	**$ (57,860)**	**$ 26,184**

Three-Month Period Ended September 30, 2022

	Common Stock		Common Stock A		Additional	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Equity
Balance as of June 30, 2022	**11,556,493**	**$ 1**	**6,000,000**	**$ 1**	**$ 82,573**	**$ (47,780)**	**$ 34,795**
Share-based compensation	—	—	—	—	1,438	—	1,438
Exercise of stock options for cash	22,500	—	—	—	31	—	31
Issuance of common stock for vested restricted stock units	63,666	—	—	—	—	—	—
Net loss	—	—	—	—	—	(10,080)	(10,080)
Balance as of September 30, 2022	**11,642,659**	**$ 1**	**6,000,000**	**$ 1**	**$ 84,042**	**$ (57,860)**	**$ 26,184**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

JOURNEY MEDICAL CORPORATION
Unaudited Condensed Consolidated Statements of Cash Flows
(Dollars in thousands except for share and per share amounts)

	Nine-Month Periods Ended September 30,	
	2023	**2022**
Cash flows from operating activities		
Net loss	$ (1,710)	$ (18,986)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	492	10
Non-cash interest expense	353	619
Amortization of debt discount	354	47
Amortization of acquired intangible assets	2,952	3,050
Amortization of operating lease right-of-use assets	65	67
Share-based compensation	2,077	2,985
Loss on impairment of intangible assets	3,143	—
Changes in operating assets and liabilities:		
Accounts receivable	19,727	(5,431)
Inventory	3,135	673
Prepaid expenses and other current assets	2,385	1,496
Other assets	-	47
Accounts payable	(8,406)	11,399
Due to related party	680	(567)
Accrued expenses	(3,362)	(5,173)
Accrued interest	(160)	125
Income tax payable	95	14
Lease liabilities	(60)	(73)
Net cash provided by (used in) operating activities	21,760	(9,698)
Cash flows from investing activities		
Acquired intangible assets	(5,000)	(20,000)
Net cash used in investing activities	(5,000)	(20,000)
Cash flows from financing activities		
Proceeds from exercise of stock options	25	142
Payment of license installment note payable	(1,000)	(3,000)
Payment of debt issuance costs associated with convertible preferred shares	—	(214)
Proceeds from line of credit	28,000	—
Repayments of line of credit	(30,948)	(812)
Proceeds from EWB term-loan, net of discount	—	19,763
Repayment of EWB term-loan	(20,000)	—
Payment of issuance costs associated with EWB term-loan modification	(91)	—
Offering costs for the issuance of common stock - initial public offering	—	(371)
Net cash (used in) provided by financing activities	(24,014)	15,508
Net change in cash	(7,254)	(14,190)
Cash at the beginning of the period	32,003	49,081
Cash at the end of the period	**$ 24,749**	**$ 34,891**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,127	$ 736
Cash paid for income taxes	$ 85	$ 19
Supplemental disclosure of non-cash financing and investing activities:		
Deferred payment for asset acquisition	$ —	$ 4,740

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

JOURNEY MEDICAL CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements

NOTE 1. ORGANIZATION AND PLAN OF BUSINESS OPERATIONS

Journey Medical Corporation ("Journey" or the "Company") was formed on July 18, 2014. The Company is a commercial-stage pharmaceutical company that primarily focuses on the selling and marketing of FDA-approved prescription pharmaceutical products for the treatment of dermatological conditions. The Company's current product portfolio includes eight branded and two authorized generic prescription drugs for dermatological conditions that are marketed in the U.S. The Company acquires rights to future products by licensing or otherwise acquiring an ownership interest in, funding the research and development of, and eventually commercializing, the products through its field sales force.

As of September 30, 2023 and December 31, 2022, the Company was a majority-owned subsidiary of Fortress Biotech, Inc. ("Fortress" or "Parent").

Liquidity and Capital Resources

At September 30, 2023, the Company had $24.7 million in cash and cash equivalents as compared to $32.0 million of cash and cash equivalents at December 31, 2022.

On August 31, 2023, the Company entered into a license agreement (the "New License Agreement") with Maruho Co., Ltd., a Japanese company specializing in dermatology ("Maruho"), whereby the Company granted an exclusive license to Maruho to develop and commercialize Qbrexza® for the treatment of primary axillary hyperhidrosis in South Korea, Taiwan, Hong Kong, Macau, Thailand, Indonesia, Malaysia, Philippines, Singapore, Vietnam, Brunei, Cambodia, Myanmar and Laos (the "Territory"). Under the terms of the New License Agreement, in exchange for the exclusive rights to Qbrexza® in the Territory, Maruho paid $19.0 million to the Company as a non-refundable upfront payment.

In July 2023, the Company satisfied all of the outstanding debt obligations under the Loan and Security Agreement, dated March 31, 2021 (as amended, the "EWB Facility") by voluntarily repaying the entire $10.0 million outstanding term loan under the EWB facility.

On December 30, 2022, the Company filed a shelf registration statement on Form S-3 (File No. 333-269079), which was declared effective by the Securities and Exchange Commission ("SEC") on January 26, 2023. This shelf registration statement covers the offering, issuance, and sale by the Company of up to an aggregate of $150.0 million of the Company's common stock, preferred stock, debt securities, warrants, and units (the "2022 Shelf"). At September 30, 2023, $150.0 million remains available under the 2022 Shelf. In connection with the 2022 shelf, the Company entered into an At Market Issuance Sales Agreement (the "Sales Agreement") with B. Riley Securities, Inc. ("B. Riley"), relating to shares of the Company's common stock. In accordance with the terms of the Sales Agreement, the Company may offer and sell up to 4,900,000 shares of its common stock, par value $0.0001 per share, from time to time through or to B. Riley acting as the Company's agent or principal.

As a result of increased losses in the latter part of 2022, during the last quarter of 2022, the Company implemented a cost reduction initiative designed to improve operational efficiencies, optimize expenses and reduce overall costs. The initiative is intended to reduce selling, general, and administrative expenses to better align costs with revenues being generated. In connection with the cost reduction initiative, during the nine-month period ended September 30, 2023, the Company executed a headcount reduction to its salesforce and implemented marketing and other cost cuts. As a result of the headcount reduction, the Company recorded a severance obligation of approximately $0.7 million, of which $0.1 million remains to be paid at September 30, 2023.

The Company regularly evaluates market conditions, its liquidity profile, and financing alternatives, including out-licensing arrangements for its products to enhance its capital structure. The Company may seek to raise capital through debt or equity financings to expand its product portfolio and for other strategic initiatives, which may include sales of securities under its 2022 Shelf or under a new registration statement. The Company cannot make any assurances that such additional financing will be available and, if available, the terms may negatively impact the Company's business and operations. As such, substantial doubt exists about the Company's ability to continue as a going concern for a period of at least twelve months from the date of issuance of these financial statements.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

NOTE 2. BASIS OF PRESENTATION

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the balances and results for the periods presented. Certain information and footnote disclosures normally included in the Company's annual consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. These unaudited interim condensed consolidated financial statement results are not necessarily indicative of results to be expected for the full fiscal year or any future period. The Company's unaudited interim condensed consolidated financial statements include the accounts of the Company and the accounts of the Company's wholly-owned subsidiary, JG Pharma, Inc. All intercompany balances and transactions have been eliminated.

Emerging Growth Company

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB"), or other standard setting bodies, and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective will not have a material impact on the Company's unaudited interim condensed consolidated financial statements upon adoption. Under the Jumpstart Our Business Startups Act of 2012, as amended, the Company meets the definition of an emerging growth company and elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates made by management include provisions for coupons, chargebacks, wholesaler fees, prompt-pay discounts, specialty pharmacy discounts, managed care rebates, product returns, government rebates and other allowances customary to the pharmaceutical industry. Significant estimates made by management also include inventory realization, valuation of intangible assets, useful lives of amortizable intangible assets and share-based compensation. Actual results may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one segment, which reflects products for the treatment of dermatological conditions.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K").

Recently Issued Accounting Pronouncements

During the nine-month period ended September 30, 2023, there were no new accounting pronouncements or updates to recently issued accounting pronouncements disclosed in the 2022 Form 10-K that affect the Company's present or future results of operations, overall financial condition, liquidity, or disclosures.

NOTE 4. INVENTORY

The Company's inventory consists of the following for the periods ended:

($'s in thousands)	September 30, 2023	December 31, 2022
Raw materials	$ 4,664	$ 6,454
Work-in-process	458	395
Finished goods	6,683	7,739
Inventory at cost	11,805	14,588
Inventory reserves	(781)	(429)
Total inventories	**$ 11,024**	**$ 14,159**

NOTE 5. ASSET ACQUISITION

In January 2022, the Company entered into an agreement with VYNE Therapeutics, Inc. ("VYNE") to acquire two United States Food and Drug Administration ("FDA") Approved Topical Minocycline Products, Amzeeq® (minocycline) topical foam, 4%, and Zilxi® (minocycline) topical foam, 1.5%, and a Molecule Stabilizing Technology™ proprietary platform from VYNE for an upfront payment of $20.0 million and an additional $5.0 million payment on the one year anniversary of the closing (the "VYNE Product Acquisition Agreement"). This expanded the Company's product portfolio to eight marketed branded dermatology products. The Company also acquired certain associated inventory.

The VYNE Product Acquisition Agreement also provides for contingent net sales milestone payments. In the first calendar year in which annual sales reach each of $100 million, $200 million, $300 million, $400 million and $500 million, a one-time payment of $10 million, $20 million, $30 million, $40 million and $50 million, respectively, will be paid in that year only, per product, totaling up to $450 million. In addition, the Company will pay VYNE 10% of any upfront payment received by the Company from a licensee or sublicensee of the products in any territory outside of the United States, subject to exceptions for certain jurisdictions as detailed in the VYNE Product Acquisition Agreement.

The following table summarizes the aggregate consideration transferred for the assets acquired by the Company in connection with the VYNE Product Acquisition Agreement:

($'s in thousands)	Aggregate Consideration Transferred
Consideration transferred to VYNE at closing	$ 20,000
Fair value of deferred cash payment due January 2023	4,740
Transaction costs	223
Total consideration transferred at closing	**$ 24,963**

The fair value of the deferred cash payment was accreted to the $5.0 million January 2023 cash payment over a one-year period through interest expense. The Company made the $5.0 million deferred cash payment in January 2023.

The following table summarizes the assets acquired in the VYNE Product Acquisition Agreement:

($'s in thousands)	Assets Recognized
Inventory	6,041
Identifiable intangibles:	
Amzeeq intangible	15,162
Zilxi intangible	3,760
Fair value of net identifiable assets acquired	**$ 24,963**

The intangible assets were valued using an income approach, while the inventory was valued using a final sales value less cost to dispose approach.

NOTE 6. INTANGIBLE ASSETS

The Company's finite-lived intangible assets consist of acquired intangible assets. During the nine months ended September 30, 2023, the Company experienced lower net product revenues and gross profit levels for its Ximino products. Based on these results, the Company revised the financial outlook and plans for its Ximino products. The Company assessed the revised forecast for Ximino and determined that this constituted a triggering event, and the results of the analysis indicated the carrying amount was not expected to be recovered. The Company recorded an intangible asset impairment charge of $3.1 million during the nine months ended September 30, 2023. This non-cash charge was recorded to loss on impairment of intangible assets on the unaudited condensed consolidated statements of operations.

The Company's intangible assets as of September 30, 2023 and December 31, 2022 are summarized as follows:

($'s in thousands)	Estimated Useful Lives (Years)	September 30, 2023	December 31, 2022
Intangible assets - product licenses	3-9	$ 37,925	$ 37,925
Accumulated amortization		(13,680)	(10,728)
Accumulated impairment loss		(3,143)	—
Total intangible assets		**$ 21,102**	**$ 27,197**

The Company's amortization expense for the three-month periods ended September 30, 2023 and 2022 was $0.8 million and $1.0 million, respectively. The Company's amortization expense for the nine-month periods ended September 30, 2023 and 2022 was $3.0 million and $3.1 million, respectively. Amortization expense is recorded as a component of cost of goods sold in the Company's unaudited condensed consolidated statements of operations.

Future amortization of the Company's intangible assets is as follows:

$'s in thousands	Total Amortization
Remainder of 2023	$ 813
December 31, 2024	3,258
December 31, 2025	3,258
December 31, 2026	2,470
December 31, 2027	1,775
Thereafter	5,586
Subtotal	17,160
Asset not yet placed in service	3,942
Total	**$ 21,102**

NOTE 7. LICENSES ACQUIRED

DFD-29

In June 2021, the Company entered a license, collaboration, and assignment agreement (the "DFD-29 Agreement") to obtain global rights for the development and commercialization of a late-stage development modified release oral minocycline for the treatment of rosacea ("DFD-29") with Dr. Reddy's Laboratories, Ltd ("DRL"); provided, that DRL retained certain rights to the program in select markets including Brazil, Russia, India and China. Based on the development and commercialization of DFD-29, additional contingent regulatory and commercial milestone payments totaling up to $158.0 million may also become payable by the Company. The Company is required to pay royalties ranging from approximately ten percent to fifteen percent on net sales of the DFD-29 product, subject to certain reductions. Additionally, the Company was required to fund and oversee the Phase 3 clinical trials beginning upon the license of DFD-29 in 2021. The Phase 3 clinical trials substantially concluded in July 2023 upon the Company's receipt of positive topline results from the trials.

Qbrexza

In March 2021, the Company acquired global rights to Qbrexza (glycoprronium), a prescription cloth towelette to treat primary axillary hyperhidrosis in patients nine years of age or older. The Company paid an upfront fee of $12.5 million to Dermira, Inc., a subsidiary of Eli Lilly and Company ("Dermira"). In addition, the Company is obligated to pay Dermira up to $144 million in the aggregate upon the achievement of certain net sales milestones. The royalty structure for the agreement is tiered with royalties for the first two years ranging from approximately 40% to 30%. Thereafter for a period of eight years, royalties are approximately 12.0% to 19.0%. Royalty amounts are subject to a 50% diminution in the event of loss of exclusivity due to the introduction of an authorized generic.

Accutane

In July 2020, the Company entered into an exclusive license and supply agreement for Accutane (the "Accutane Agreement") with DRL. Pursuant to the Accutane Agreement, the Company agreed to pay $5.0 million, comprised of an upfront payment of $1.0 million paid upon execution, with additional milestone payments totaling $4.0 million. To date, the Company has paid all milestone payments. Three additional milestone payments totaling $17.0 million are contingent upon the achievement of certain net sales milestones. The Company is required to pay royalties in an amount equal to a low-double digit percentage of net sales. The term of the Accutane Agreement is ten years and renewable upon mutual agreement. Each party may terminate the Accutane Agreement for an uncured material breach by the other party or for certain bankruptcy or insolvency related events. The Company may also terminate the Accutane Agreement without cause upon 180 days written notice to DRL.

NOTE 8. FAIR VALUE MEASUREMENTS

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The accounting guidance requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.

Level 3: Unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Certain of the Company's financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate their fair value due to their liquid or short-term nature, such as accounts payable, accrued expenses and other current liabilities.

Financial assets and liabilities measured at fair value on a recurring basis are summarized below:

	September 30, 2023			
($'s in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 24,749	$ —	$ —	$ 24,749
Total	**$ 24,749**	**$ —**	**$ —**	**$ 24,749**

	December 31, 2022			
($'s in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 32,003	$ —	$ —	$ 32,003
Total	**$ 32,003**	**$ —**	**$ —**	**$ 32,003**

The Company did not carry any level 2 or level 3 assets or liabilities at September 30, 2023 or December 31, 2022. No transfers occurred between level 1, level 2, and level 3 instruments during the nine-month periods ended September 30, 2023 and 2022.

NOTE 9. RELATED PARTY AGREEMENTS

Shared Services Agreement with Fortress

On November 12, 2021, the Company and Fortress entered into an arrangement to share the cost of certain legal, finance, regulatory, and research and development employees (the "Shared Services Agreement"). Fortress' Executive Chairman and Chief Executive Officer is the Executive Chairman of the Company. Under the terms of the Shared Services Agreement, the Company will reimburse Fortress for the salary and benefit costs associated with these employees based upon actual hours worked on Journey-related projects following the completion of the Company's initial public offering, which occurred in November 2021. In addition, the Company reimburses Fortress for various payroll-related costs and selling, general and administrative costs incurred by Fortress for the benefit of the Company.

For the three-month periods ended September 30, 2023 and 2022, the Company recorded related party expenses to Fortress of approximately $11,239 and $7,798, respectively. The due to related party liability at September 30, 2023 and December 31, 2022, was $1.1 million and $0.4 million, respectively, and primarily relates to reimbursable expenses incurred by Fortress on behalf of the Company. The Company would have incurred these costs irrespective of the relationship with Fortress.

Fortress Income Tax

At September 30, 2023, 54.34% of all classes of the Company's outstanding Common Stock was owned by Fortress. Prior to our initial public offering of securities in 2021, the Company had been filing consolidated federal tax returns and consolidated or combined state tax returns in multiple jurisdictions with Fortress. The Company may still be required to file combined tax returns in certain "combined filing states." These jurisdictions generally require corporations engaged in unitary business and meet the capital stock requirement of fifty percent to file a combined state tax return.

Additionally, see Note 17 below for a discussion of income taxes.

NOTE 10. ACCRUED EXPENSES

Accrued expenses consisted of the following:

($'s in thousands)	September 30, 2023	December 31, 2022
Accrued expenses:		
Accrued coupons and rebates	$ 6,099	$ 7,604
Return reserve	4,523	3,689
Accrued compensation	2,392	2,586
Accrued royalties payable	1,794	2,627
Accrued legal, accounting and tax	217	334
Accrued research and development	117	1,404
Accrued inventory	112	112
Accrued iPledge program	136	447
Other	636	585
Total accrued expenses	**$ 16,026**	**$ 19,388**

During the nine-month period ended September 30, 2023, the Company executed a headcount reduction to its salesforce and implemented marketing and other cost cuts. As a result of the headcount reduction, the Company recorded a severance obligation of approximately $0.7 million, of which $0.1 million remains to be paid at September 30, 2023. The accrued severance obligation is included within accrued compensation in the above table.

NOTE 11. INSTALLMENT PAYMENTS — LICENSES

The following tables show the details of the Company's installment payments – licenses for the periods presented:

	September 30, 2023		
($'s in thousands)	Short-Term	Long-Term	Total
Installment payments - licenses	$ 3,000	$ —	$ 3,000
Less: imputed interest	—	—	—
Sub-total installment payments - licenses	**$ 3,000**	**$ —**	**$ 3,000**

	December 31, 2022		
($'s in thousands)	Short-Term	Long-Term	Total
Installment payments - licenses	$ 2,500	$ 1,500	$ 4,000
Less: imputed interest	(256)	(88)	(344)
Sub-total installment payments - licenses	**$ 2,244**	**$ 1,412**	**$ 3,656**

NOTE 12. OPERATING LEASE OBLIGATIONS

The Company leases 3,681 square feet of office space in Scottsdale, Arizona. In September 2022, the Company amended the lease to extend the lease term for an additional 25 months at an annual rate of approximately $0.1 million. The amended lease will expire on January 31, 2025.

The Company recorded lease expense as follows:

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
($'s in thousands)	2023	2022	2023	2022
Operating lease cost	$ 24	$ 27	$ 72	$ 76
Variable lease cost	1	1	3	3
Total lease cost	**$ 25**	**$ 28**	**$ 75**	**$ 79**

The following table summarizes quantitative information about the Company's operating leases:

($'s in thousands)	Three-Month Periods Ended September 30, 2023	Three-Month Periods Ended September 30, 2022	Nine-Month Periods Ended September 30, 2023	Nine-Month Periods Ended September 30, 2022
Cash paid for amounts included in the measurement of lease liabilities	$ 25	$ 25	$ 67	$ 79
Weighted-average remaining lease term - operating leases	1.4	0.3	1.4	0.3
Weighted-average discount rate - operating leases	6.25 %	4.0 %	6.25 %	4.0 %

As of September 30, 2023, future minimum lease payments under lease agreements associated with the Company's operations were as follows:

$'s in thousands	
Remainder of 2023	$ 33
2024	102
2025	9
Total lease payments	144
Less: present value discount	(13)
Total operating lease liabilities	**$ 131**

NOTE 13. DEBT AND INTEREST EXPENSE

The Company has no debt obligations outstanding as of September 30, 2023. The Company's debt obligations at December 31, 2022 were as follows:

	December 31, 2022		
($'s in thousands)	Principal Balance	Unamortized Discount & Fees	Net Carry Amount
Deferred cash payment	$ 5,000	$ 9	$ 4,991
EWB Revolving LOC	2,948	—	2,948
Total Short-Term Debt	**$ 7,948**	**$ 9**	**$ 7,939**
EWB Term Loan (Long-term)	$ 20,000	$ 174	$ 19,826
Total Debt & Obligations	**$ 27,948**	**$ 183**	**$ 27,765**

East West Bank Line of Credit and Long-Term Debt

In July 2023, the Company voluntarily repaid the entire $10.0 million outstanding term loan principal balance under the EWB Facility. The repayment satisfied all of the Company's outstanding debt obligations under the EWB Facility. The Company has no further obligations to EWB.

Interest expense and financing fees

Interest expense consisted of the following:

($'s in thousands)	Three-Month Periods Ended September 30, 2023	Three-Month Periods Ended September 30, 2022	Nine-Month Periods Ended September 30, 2023	Nine-Month Periods Ended September 30, 2022
Interest payments on EWB term loan and LOC	$ 34	$ 333	$ 967	$ 710
Amortization/Accretion	58	90	354	257
Imputed interest on acquired intangible assets	176	136	353	435
Total Interest Expense and Financing Fees	**$ 268**	**$ 559**	**$ 1,674**	**$ 1,402**

NOTE 14. COMMITMENTS AND CONTINGENCIES

License Agreements

The Company has undertaken to make contingent milestone payments to the licensors of its portfolio of drug products and candidates. In addition, the Company is required to pay royalties to such licensors based on a percentage of net sales of each drug candidate following regulatory marketing approval. For additional information on future milestone payments and royalties, see Note 7.

NOTE 15. SHARE-BASED COMPENSATION

In 2015, the Company's Board of Directors adopted, and stockholders approved, the Journey Medical 2015 Stock Plan (the "Plan") authorizing the Company to grant up to 4,642,857 shares of Common Stock to eligible employees, directors, and consultants in the form of restricted stock, restricted stock units ("RSUs"), stock options and other types of grants. The amount, terms, and exercisability provisions of grants are determined by the Board of Directors. At the Company's 2022 Annual Meeting of Stockholders, held on June 21, 2022, the Company's stockholders approved, among other matters, an amendment to the Plan to increase the number of shares of Common Stock issuable under the Plan by 3,000,000 to 7,642,857. As of September 30, 2023, 1,374,373 shares were available for issuance under the Plan.

In 2023, the Company's Board of Directors adopted, and stockholders approved, the Journey Medical Corporation 2023 Employee Stock Purchase Plan (the "2023 ESPP"). The Company initially reserved 300,000 shares of common stock for future issuance under the 2023 ESPP. As of September 30, 2023, 300,000 shares were available for issuance under the 2023 ESPP.

The following table summarizes the components of share-based compensation expense in the consolidated statements of operations:

($'s in thousands)	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
	2023	2022	2023	2022
Research and development	$ 23	$ 34	$ 87	$ 34
Selling, general and administrative	535	1,404	1,990	2,951
Total non-cash compensation expense related to share-based compensation included in operating expense	**$ 558**	**$ 1,438**	**$ 2,077**	**$ 2,985**

Stock Options

The following table summarizes the Company's stock option activities:

	Number of Shares	Weighted average exercise price	Aggregate intrinsic value	Weighted average remaining contractual life (years)
Outstanding options at December 31, 2022	2,960,000	$ 1.76	$ 2,217,815	5.65
Granted	430,756	1.64	—	
Exercised	(23,000)	1.08	—	—
Forfeited	(445,838)	3.08	—	—
Expired	(23,850)	3.55	—	—
Outstanding options at September 30, 2023	**2,898,068**	**$ 1.53**	**$ 4,107,260**	**4.84**
Options vested and exercisable at September 30, 2023	**2,051,950**	**$ 0.99**	**$ 3,743,200**	**3.09**

For the three-month periods ended September 30, 2023 and 2022, approximately $80,000 and $0.4 million, respectively, of stock option compensation expense was charged against operations. For the nine-month periods ended September 30, 2023 and 2022, approximately $0.4 million and $0.4 million, respectively, of stock option compensation expense was charged against operations. For the three-month periods ended September 30, 2023 and 2022, the Company issued 18,000 shares and 22,500 shares, respectively, of common stock upon the exercise of outstanding stock options and received proceeds $21,345 and $31,275, respectively. At September 30, 2023, the Company

had unrecognized stock-based compensation expense related to all unvested options of $1.1 million, which the Company expects to recognize over a weighted-average period of approximately 2.0 years.

The aggregate intrinsic value in the previous table reflects the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price of the options, multiplied by the number of in-the-money stock options) that would have been received by the option holders had all option holders exercised their options on September 30, 2023. The intrinsic value of the Company's stock options changes based on the closing price of the Company's Common Stock.

Restricted Stock Units

The following table summarizes the activity related to the Company's RSUs for the nine-month period ended September 30, 2023:

	Number of units	Weighted average grant date Fair value
Unvested balance at December 31, 2022	2,261,048	$ 4.05
Granted	119,888	1.82
Vested	(708,082)	3.94
Forfeited	(307,042)	4.27
Unvested balance at September 30, 2023	**1,365,812**	**$ 3.87**

For the three-month periods ended September 30, 2023 and 2022, approximately $0.5 million and $1.1 million, respectively, of stock compensation expense related to RSUs was charged against operations. For the nine-month periods ended September 30, 2023 and 2022, approximately $1.6 million and $2.6 million, respectively, of stock compensation expense related to RSUs was charged against operations. For the three-month periods ended September 30, 2023 and 2022 the Company issued 344,892 and 63,666 shares of common stock, respectively, upon vesting of RSU's amounting to $1.3 million and $0.2 million, respectively, in total aggregate fair market value. For the nine-month periods ended September 30, 2023 and 2022, the Company issued 708,082 and 170,666 shares upon vesting of RSU's amounting to $2.8 million and $0.6 million, respectively, in total aggregate fair market value. At September 30, 2023, 1,365,812 RSUs remained unvested and there was approximately $2.1 million of unrecognized compensation cost related to restricted stock which the Company expects to recognize over a weighted-average period of approximately 1.6 years.

Employee Stock Purchase Plan

The 2023 ESPP provides that eligible employees may contribute up to 10% of their eligible earnings toward a semi-annual purchase of the Company's common stock. The 2023 ESPP is qualified under Section 423 of the Internal Revenue Code. The employee's purchase price is derived from a formula based on the closing price of the common stock on the first day of the offering period versus the closing price on the last date of purchase (or, if not a trading day, on the immediately preceding trading day). The offering period under the 2023 ESPP has a duration of six months, and the purchase price with respect to each offering period beginning on or after such date is, until otherwise amended, equal to 85% of the lesser of (i) the fair market value of the Company's common stock at the commencement of the applicable six-month offering period or (ii) the fair market value of the Company's common stock on the purchase date. The Company estimates the fair value of the common stock under the 2023 ESPP using a Black-Scholes valuation model. The fair value was estimated on the date of grant for the offering period beginning August 1, 2023 using the Black-Scholes option valuation model and the straight-line attribution approach with the following assumptions: risk-free interest rate (5.5%); expected term (0.5 years); expected volatility (129%); and an expected dividend yield (0%). The Company recorded $17,273 of stock-based compensation under the 2023 ESPP for the three and nine-month periods ended September 30, 2023. As of September 30, 2023, there was unrecognized stock-based compensation expense of $35,409 related to the current ESPP offering period, which ends January 31, 2024.

NOTE 16. REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Net Revenues

The Company's net product revenues are summarized as follows:

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
($ in thousands)	2023	2022	2023	2022
Qbrexza®	$ 5,865	$ 6,265	$ 18,038	$ 19,752
Accutane®	4,882	4,121	15,109	14,228
Amzeeq®	2,336	1,161	4,904	5,892
Zilxi®	681	554	1,567	1,851
Targadox®	929	1,168	2,386	6,558
Exelderm®	764	1,001	1,813	3,018
Ximino®	(199)	1,773	567	3,775
Luxamend®	21	—	21	—
Total product revenues	**$ 15,279**	**$ 16,043**	**$ 44,405**	**$ 55,074**

The above table includes the authorized generic product within the line items for Targadox®, Ximino® and Exelderm®.

Significant Customers

For the three-month periods ended September 30, 2023 and 2022 and for the nine-month periods ended September 30, 2023 and 2022, there were no customers that accounted for more than 10% of the Company's total gross product revenue.

At September 30, 2023, two of the Company's customers accounted for more than 10% of its total accounts receivable balance at 25% and 15%. At December 31, 2022, two of the Company's customers accounted for more than 10% of its total accounts receivable balance at 16.7% and 10.4%.

Other Revenue

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
($ in thousands)	2023	2022	2023	2022
Non-refundable upfront payment from Maruho	$ 19,000	$ —	$ 19,000	$ —
Net milestone payment from Maruho	—	—	—	2,500
Royalties on sales of Rapifort® Wipes 2.5%	260	73	519	129
Total other revenue	**$ 19,260**	**$ 73**	**$ 19,519**	**$ 2,629**

Other revenue reflects royalties on sales of Rapifort® Wipes 2.5% in Japan, from Maruho, the Company's exclusive out-licensing partner in Japan. Other revenue for the nine-month period ended September 30, 2023 also reflects a net $19.0 million payment from Maruho under the New License Agreement. Other revenue for the nine-month period ended September 30, 2022 also reflects a net $2.5 million milestone payment from Maruho. In January 2022, Maruho received manufacturing and marketing approval in Japan for Rapifort® Wipes 2.5% (Japanese equivalent to U.S. FDA approved QBREXZA®), for the treatment of primary axillary hyperhidrosis, triggering the net payment.

Maruho License Agreement

On August 31, 2023, the Company entered into the New License Agreement with Maruho. Under the terms of the New License Agreement, the Company granted an exclusive license to develop and commercialize Qbrexza® for the treatment of primary axillary hyperhidrosis in the Territory. Prior to the date of the New License Agreement, the Company and Maruho were party to an existing exclusive amended and restated license agreement (the "First A&R License Agreement"), under which Maruho acquired exclusive license rights to Qbrexza® in Japan.

In connection with Journey's entry into the New License Agreement, Journey and Maruho also entered into the Second Amended and Restated Exclusive License Agreement (the "Second A&R License Agreement"), which supersedes the First A&R License Agreement. The Second A&R License Agreement contains modifications that remove Maruho's obligation to pay Journey royalties on its net sales of Rapifort® (the Japanese equivalent of Qbrexza®) in Japan for sales occurring after October 1, 2023 and removes Maruho's obligation to pay $10 million to Journey in the event that Maruho achieves net sales of at least ¥4 billion (yen) of Rapifort® during a single fiscal year. All other remaining potential milestone payment obligations, which aggregate to $45 million, remain in full force and effect.

Under the terms of the New License Agreement, in exchange for the exclusive rights to Qbrexza® in the Territory, Maruho paid the Company a $19.0 million non-refundable upfront payment. Maruho is also obligated to pay royalties to the Company related to sales of the product in the Territory equal to the corresponding rate payable by the Company to Dermira under the asset purchase agreement between Journey and Dermira.

The New License Agreement may be terminated by Maruho in its entirety or on a region-by-region basis for convenience upon 30 days' notice to the Company.

The Company does not have any obligation to assist in the regulatory approval efforts of Maruho under the New License Agreement in the Territory. The arrangement with Maruho provides for the transfer of the following: (i) an exclusive license of Qbrexza® from Journey to Maruho, including all related patents and know-how, and (ii) a non-exclusive license from Journey to Maruho to manufacture or have manufactured drug substance and products outside of the Territory, but exclusively for the sale of products in the Territory

The transaction closed in the third quarter of 2023 and the Company recognized $19.0 million as Other revenue in the unaudited condensed consolidated statements of operations.

NOTE 17. INCOME TAXES

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
($ in thousands)	**2023**	**2022**	**2023**	**2022**
Net Income (loss) before income taxes	$ 16,884	$ (10,070)	$ (1,615)	$ (18,936)
Provision (benefit) for Income	95	10	95	50
Effective tax rate	0.6 %	-0.1%	-5.9%	-0.3%

The Company records income taxes using the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax effects attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and operating loss and tax credit carryforwards. The Company establishes a valuation allowance if management believes it is more likely than not that the deferred tax assets will not be recovered based on an evaluation of objective verifiable evidence. Management has considered the Company's history of book and tax income and losses incurred since inception, and the other positive and negative evidence, and has concluded that it is more likely than not that the Company will not realize the benefits of the net deferred tax assets as of September 30, 2023.

As of September 30, 2023, the Company had no unrecognized tax benefits and does not anticipate any significant change to the unrecognized tax benefit balance.

NOTE 18. NET EARNINGS (LOSS) PER COMMON SHARE

The Company accounts for and discloses net earnings (loss) per share using the treasury stock method. Net earnings (loss) per share, or basic earnings (loss) per share, is computed by dividing net earnings (loss) by the weighted-average number of shares of common stock

outstanding. Net earnings (loss) per share assuming dilutions, or diluted earnings (loss) per share, is computed by reflecting the potential dilution from the exercise of in-the-money stock options and the issuance of non-vested restricted stock units.

Diluted net income (loss) per share was calculated as follows:

	Three-Month Periods Ended September 30,		Nine-Month Periods Ended September 30,	
	2023	2022	2023	2022
Diluted earnings per share				
Numerator:				
Net income (loss) - basic and diluted	$ 16,789	$ (10,080)	$ (1,710)	$ (18,986)
Denominator				
Weighted-average shares outstanding - basic	18,416,368	17,618,064	18,078,437	17,464,561
Dilutive impact from:				
Stock options	1,252,578	—	—	—
Restricted stock units	1,365,812	—	—	—
Weighted-average shares outstanding – diluted	21,034,758	17,618,064	18,078,437	17,464,561
Net income (loss) per share – basic	$ 0.91	$ (0.57)	$ (0.09)	$ (1.09)
Net income (loss) per share - diluted	$ 0.80	$ (0.57)	$ (0.09)	$ (1.09)
Potentially dilutive securities excluded from the calculation of net income (loss) per share				
Unvested restricted stock units	—	2,401,589	1,365,812	2,401,589
Stock options	976,949	1,509,484	1,144,412	1,643,454
Total potentially dilutive securities	**976,949**	**3,911,073**	**2,510,224**	**4,045,043**

The Company's potentially dilutive securities, including unvested restricted stock and options have been excluded from the computation of diluted loss per share for the nine-month period ended September 30, 2023 and for the three and nine-month periods ended September 30, 2022, as the effect would be to reduce the loss per share. Therefore, the weighted average Common Stock outstanding used to calculate both basic and diluted income loss per share is the same for the nine-month period ended September 30, 2023, and for the three and nine-month periods ended September 30, 2022.

NOTE 19. SUBSEQUENT EVENT

The Company evaluates events that occur after the period's end date through the date the financial statements are available to be issued. Accordingly, management has evaluated subsequent events through the date these financial statements are issued and has determined that no subsequent events require disclosure in these financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Statements

Certain matters discussed in this report may constitute forward-looking statements for purposes of the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. The words "anticipate," "believe," "estimate," "may," "expect," "will," "could," "project," "should," "intend" and similar expressions are generally intended to identify forward-looking statements. Our actual results may differ materially from the results anticipated in or implied by these forward-looking statements due to a variety of factors, including, without limitation:

- *the fact that our products and product candidates are subject to time and cost intensive regulation and clinical testing and as a result, may never be successfully developed or commercialized;*
- *a substantial portion of our sales derive from products that may become subject to third-party generic competition, the introduction of new competitor products, or an increase in market share of existing competitor products, any of which could have a significant adverse impact on our operating income;*
- *we operate in a heavily regulated industry, and we cannot predict the impact that any future legislation or administrative or executive action may have on our operations;*
- *our revenue is dependent mainly upon sales of our dermatology products and any setback relating to the sale of such products could impair our operating results;*
- *competition could limit our products' commercial opportunity and profitability, including competition from manufacturers of generic versions of our products;*
- *the risk that our products do not achieve broad market acceptance, including by government and third-party payors;*
- *our reliance third parties for several aspects of our operations;*
- *our dependence on our ability to identify, develop, and acquire or in-license products and integrate them into our operations, at which we may be unsuccessful;*
- *the dependence of the success of our business, including our ability to finance our company and generate additional revenue, on the successful development and regulatory approval of the DFD-29 product candidate and any future product candidates that we may develop, in-license or acquire;*
- *clinical drug development is very expensive, time consuming, and uncertain and our clinical trials may fail to adequately demonstrate the safety and efficacy of our current or any future product candidates;*
- *our competitors could develop and commercialize products similar or identical to ours;*
- *risks related to the protection of our intellectual property and our potential inability to maintain sufficient patent protection for our technology and products;*
- *our business and operations would suffer in the event of computer system failures, cyber-attacks, or deficiencies in our or our third parties' cybersecurity;*
- *the substantial doubt expressed about our ability to continue as a going concern;*
- *the effects of major public health issues, epidemics or pandemics on our product revenues and any future clinical trials;*

- *our potential need to raise additional capital;*
- *Fortress controls a voting majority of our common stock, which could be detrimental to our other shareholders;*
- *and the risks described in under the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K").*

The forward-looking statements contained in this report reflect our views and assumptions as of the effective date of this report. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Except as required by law, we assume no responsibility for updating any forward-looking statements.

We qualify all of our forward-looking statements by these cautionary statements. In addition, with respect to all of our forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Overview

We are a commercial-stage pharmaceutical company founded in October 2014 that primarily focuses on the selling and marketing of FDA-approved prescription pharmaceutical products for the treatment of dermatological conditions. Our current portfolio includes eight branded and two authorized generic prescription drugs for dermatological conditions that are actively marketed in the U.S. We are managed by experienced life science executives with a track record of creating value for their stakeholders and bringing novel medicines to the market, enabling patients to experience increased quality of life and physicians and other licensed medical professionals to provide better care for their patients. We aim to acquire rights to future products by licensing or otherwise acquiring an ownership interest in, funding the research and development of, and eventually commercializing, the products through our field sales force.

Recent Corporate Highlights

On August 31, 2023, we entered into the New License Agreement with Maruho, whereby we granted an exclusive license to Maruho to develop and commercialize Qbrexza® for the treatment of primary axillary hyperhidrosis in the Territory. Under the terms of the New License Agreement, Maruho paid $19.0 million as a non-refundable upfront payment. Maruho is also obligated to make royalty payments to us related to sales of the product in the Territory equal to the corresponding rate payable by us to Dermira under the asset purchase agreement between us and Dermira.

In July 2023, we paid off the entire $10.0 million outstanding balance on the EWB term loan. We have no further obligations to EWB or outstanding bank debt.

In July 2023, we announced positive topline data from our two DFD-29 Phase 3 clinical trials for the treatment of papulopustular rosacea. The Phase 3 clinical trials achieved the co-primary and all secondary endpoints and subjects completed the 16-week treatment with no significant safety issues. DFD-29 demonstrated statistical superiority over both the standard of care, Oracea® capsules, and placebo for Investigator's Global Assessment treatment success and the reduction in the total inflammatory lesion count in both studies. We plan to file an NDA to the U.S. Food and Drug Administration for DFD-29 around the end of 2023 and expect potential approval from the FDA in the second half of 2024.

Critical Accounting Polices and Uses of Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States. Applying these principles requires our judgment in determining the appropriateness of acceptable accounting principles and methods of application in diverse and complex economic activities. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

For a discussion of our critical accounting estimates, see the section of the 2022 Form 10-K titled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Use of Estimates." There were no material changes in our critical accounting estimates or accounting policies from December 31, 2022.

Accounting Pronouncements

During the nine-month period ended September 30, 2023, there were no new accounting pronouncements or updates to recently issued accounting pronouncements disclosed in the 2022 Form 10-K that are expected to materially affect the Company's present or future financial statements.

Emerging Growth Company and Smaller Reporting Company Status

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). Under the JOBS Act, emerging growth companies can delay the adoption of new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Other exemptions and reduced reporting requirements under the JOBS Act for emerging growth companies include presentation of only two years of audited financial statements in our annual reports on Form 10-K, an exemption from the requirement to provide an auditor's report on internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, an exemption from any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation and less extensive disclosure about our executive compensation arrangements. We have elected to use the extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that (i) we are no longer an emerging growth company or (ii) we affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act.

We are also a "smaller reporting company," meaning that either (i) the market value of our shares held by non-affiliates is less than $250 million or (ii) the market value of our shares held by non-affiliates is less than $700 million and our annual revenue was less than $100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our shares held by non-affiliates is less than $250 million or (ii) our annual revenue was less than $100 million during the most recently completed fiscal year and the market value of our shares held by non-affiliates is less than $700 million. As a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K, have reduced disclosure obligations regarding executive compensation, and smaller reporting companies are permitted to delay adoption of certain recent accounting pronouncements discussed in Note 2 to our consolidated financial statements in this report on Form 10-Q.

Results of Operations

The following table summarizes our results of operations for the three-month periods ended September 30, 2023 and 2022:

Comparison of the Three-Month Periods Ended September 30, 2023 and 2022

($ in thousands, except per share data)	Three-Month Periods Ended September 30, 2023	2022	Change $	Change %
Revenue:				
Product revenue, net	$ 15,279	$ 16,043	$ (764)	-5%
Other revenue	19,260	73	19,187	26284 %
Total revenue	34,539	16,116	18,423	114 %
Operating expenses				
Cost of goods sold – product revenue	6,429	7,221	(792)	-11%
Research and development	2,229	2,812	(583)	-21%
Selling, general and administrative	8,636	15,575	(6,939)	-45%
Total operating expenses	17,294	25,608	(8,314)	-32%
Income (loss) from operations	17,245	(9,492)	26,737	-282%
Other expense (income)				
Interest income	(8)	(3)	(5)	167 %
Interest expense	268	559	(291)	-52%
Foreign exchange transaction losses	101	22	79	359 %
Total other expense (income)	361	578	(217)	-38%
Income (loss) before income taxes	**16,884**	**(10,070)**	**26,954**	**-268%**
Income tax expense	95	10	85	850 %
Net income (loss)	$ **16,789**	$ **(10,080)**	**26,869**	**-267%**

Revenues

The following table reflects our net product revenue for the three-month periods ended September 30, 2023 and 2022:

($ in thousands)	Three-Month Periods Ended September 30, 2023	2022	Change $	Change %
Qbrexza®	$ 5,865	$ 6,265	$ (400)	-6 %
Accutane®	4,882	4,121	761	18 %
Amzeeq®	2,336	1,161	1,175	101 %
Zilxi®	681	554	127	23 %
Targadox®	929	1,168	(239)	-20 %
Exelderm®	764	1,001	(237)	-24 %
Ximino®	(199)	1,773	(1,972)	-111 %
Luxamend®	21	—	21	100 %
Total net product revenue	**$ 15,279**	**$ 16,043**	**$ (764)**	**-5 %**

Total net product revenues decreased by $0.8 million, or 5.0%, to $15.3 million for the three-month period ended September 30, 2023, from $16.0 million for the three-month period ended September 30, 2022. The decrease is primarily due to lower net revenue from Ximino resulting from lower unit volumes due to the winding down of the product during the third quarter, along with higher coupon redemption volumes. We discontinued selling Ximino on September 29, 2023. The decrease was partially offset by an increase in net product revenues from Accutane, Amzeeq and Zilxi due to our continued sales and marketing emphasis on these products as well as optimization of our coupon processing access program for our specialty pharmaceutical customers. Qbrexza unit volumes slightly decreased from period-to-period resulting in a $0.4 million decrease in net sales. Our four core products, Qbrexza, Accutane, Amzeeq and Zilxi, all acquired and launched since 2022, represent approximately 90%, or $13.8 million, of our total net product revenue for the three-month period ended September 30, 2023.

Other revenue

($ in thousands)	Three-Month Periods Ended September 30, 2023	2022	Change $	Change %
Non-refundable upfront payment from Maruho	$ 19,000	$ —	$ 19,000	100 %
Royalties on sales of Rapifort® Wipes 2.5%	260	73	187	256 %
Total other revenue	**$ 19,260**	**$ 73**	**$ 19,187**	**26284 %**

Other revenues increased approximately $19.2 million, to $19.3 million for the three-month period ended September 30, 2023, from $73,000 for the three-month period ended September 30, 2022. Other revenue in the current period includes a $19.0 million non-refundable upfront payment from Maruho under the New License Agreement. In addition, royalties on sales of Rapifort® Wipes 2.5%. in Japan were $260,000 for the three-month period ended September 30, 2023 as compared to $73,000 for the three-month period ended September 30, 2022. Sales of Rapifort® in Japan will no longer be subject to a royalty after October 1, 2023 in accordance with the Second A&R License Agreement.

Gross-to-Net Sales Accruals

We record gross-to-net sales accruals for chargebacks, distributor service fees, prompt pay discounts, sales returns, coupons, managed care rebates, government rebates, and other allowances customary to the pharmaceutical industry.

Gross-to-net sales accruals and the balance in the related allowance accounts for the three-month periods ended September 30, 2023 and 2022, were as follows:

($'s in thousands)	Chargebacks and other allowances	Distributor Service Fees	Prompt Pay Discounts	Returns	Coupons	Managed Care Rebates	Gov't Rebates	Total
Balance as of June 30, 2023	**$ 265**	**$ 879**	**$ 192**	**$ 4,545**	**$ 4,092**	**$ 3,732**	**$ 3,417**	**$ 17,122**
Current provision related to sales in the current period	230	1,283	215	497	20,604	5,478	519	28,826
Checks/credits issued to third parties	(403)	(1,348)	(261)	(519)	(22,926)	(6,266)	(3,560)	(35,283)
Balance as of September 30, 2023	**$ 92**	**$ 814**	**$ 146**	**$ 4,523**	**$ 1,770**	**$ 2,944**	**$ 376**	**$ 10,665**

($'s in thousands)	Chargebacks and other allowances	Distributor Service Fees	Prompt Pay Discounts	Returns	Coupons	Managed Care Rebates	Gov't Rebates	Total
Balance as of June 30, 2022	**$ 273**	**$ 933**	**$ 194**	**$ 2,727**	**$ 2,499**	**$ 3,191**	**$ 1,218**	**$ 11,035**
Current provision related to sales in the current period	829	1,515	290	1,706	25,801	6,897	639	37,677
Checks/credits issued to third parties	(814)	(1,522)	(280)	(1,471)	(26,348)	(6,339)	(928)	(37,702)
Balance as of September 30, 2022	**$ 288**	**$ 926**	**$ 204**	**$ 2,962**	**$ 1,952**	**$ 3,749**	**$ 929**	**$ 11,010**

Gross-to-net sales accruals were $10.7 million at September 30, 2023, compared to $17.1 million at June 30, 2023, a decrease of $6.4 million. The decrease is primarily due to the termination of our Medicaid National Drug Rebate and Pharmaceutical Pricing Agreements in the third quarter. In addition, our reserve for coupons decreased as a result of our efforts to reduce overall coupon expense and make improvements to our programs, including increasing patient out-of-pocket costs for certain products and changing our overall mix of coupon related business to reduce the volume of higher dollar claims. Additionally, our managed care reserve decreased due to lower unit volumes and product mix of claims.

Cost of Goods Sold

Cost of goods sold decreased by $0.8 million, or 11%, to $6.4 million for the three-month period ended September 30, 2023, from $7.2 million for the three-month period ended September 30, 2022. The decrease is primarily due to the contractual decrease in our Qbrexza royalty from period to period, accounting for $0.6 million of the decrease, as well as lower sales of this product during the period.

Research and Development

Research and Development expense decreased by $0.6 million, or 21%, to $2.2 million for the three-month period ended September 30, 2023, from $2.8 million for the three-month period ended September 30, 2022. The decrease is related to lower clinical trial expenses to develop our DFD-29 product as the project winds down.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses decreased by $6.9 million, or 45%, to $8.6 million for the three-month period ended September 30, 2023, from $15.6 million for the three-month period ended September 30, 2022. The decrease is mainly due to our expense reduction efforts primarily in sales and marketing and other SG&A areas, including a headcount reduction to our salesforce, designed to improve operational efficiencies, optimize expenses and reduce overall costs.

Interest Expense

Interest expense decreased by $0.3 million to $0.3 million for the three-month period ended September 30, 2023, from $0.6 million for the three-month period ended September 30, 2022. The decrease is primarily attributable to the repayment of the EWB Facility term loan in July 2023, which ended our obligation to pay interest on any borrowed money.

Comparison of the Nine-Month Periods Ended September 30, 2023 and 2022

($in thousands, except per share data)	Nine-Month Periods Ended September 30, 2023	2022	Change $	Change %
Revenue:				
Product revenue, net	$ 44,405	$ 55,074	$ (10,669)	-19%
Other revenue	19,519	2,629	16,890	642 %
Total revenue	63,924	57,703	6,221	11 %
Operating expenses				
Cost of goods sold – product revenue	20,645	23,057	(2,412)	-10%
Research and development	6,036	6,687	(651)	-10%
Selling, general and administrative	34,069	45,481	(11,412)	-25%
Loss on impairment of intangible assets	3,143	—	3,143	100 %
Total operating expenses	63,893	75,225	(11,332)	-15%
Income (loss) from operations	31	(17,522)	17,553	-100%
Other expense (income)				
Interest income	(209)	(10)	(199)	1990 %
Interest expense	1,674	1,402	272	19 %
Foreign exchange transaction losses	181	22	159	723 %
Total other expense (income)	1,646	1,414	232	16 %
Loss before income taxes	**(1,615)**	**(18,936)**	**17,321**	**-91%**
Income tax expense	95	50	45	90 %
Net loss	**$ (1,710)**	**$ (18,986)**	**17,276**	**-91%**

Revenues

The following table reflects our net product revenue for the nine-month periods ended September 30, 2023 and 2022:

	Nine-Month Periods Ended September 30,		Change	
($in thousands)	2023	2022	$	%
Qbrexza®	$ 18,038	$ 19,752	$ (1,714)	-9 %
Accutane®	15,109	14,228	881	6 %
Amzeeq®	4,904	5,892	(988)	-17 %
Zilxi®	1,567	1,851	(284)	-15 %
Targadox®	2,386	6,558	(4,172)	-64 %
Exelderm®	1,813	3,018	(1,205)	-40 %
Ximino®	567	3,775	(3,208)	-85 %
Luxamend®	21	—	21	100 %
Total net product revenue	**$ 44,405**	**$ 55,074**	**$ (10,669)**	**-19 %**

Total net product revenues decreased by $10.7 million, or 19.0%, to $44.4 million for the nine-month period ended September 30, 2023, from $55.1 million for the nine-month period ended September 30, 2022. The decrease is primarily due to lower unit volumes from our legacy products, Targadox, Ximino and Exelderm, substantially driven by continued generic competition for Targadox. In addition, during the third quarter of 2023, we wound down and discontinued selling Ximino on September 29, 2023. The nine-month period ended September 30, 2023 was also negatively impacted by higher gross-to-net allowances, that occurred in the first quarter, for coupon rebates as a result of higher deductible rate resets, higher managed care rebates due to higher managed care program costs, higher-than-anticipated returns from the Dermira product lots purchased in 2021, and higher government rebates from increases in state rebate programs impacting the net revenues of our four core growth products, Qbrexza, Accutane, Amzeeq and Zilxi.

Other revenue

	Nine-Month Periods Ended September 30,		Change	
($in thousands)	2023	2022	$	%
Non-refundable upfront payment from Maruho	$ 19,000	$ —	$ 19,000	100 %
Net milestone payment from Maruho	—	2,500	(2,500)	-100%
Royalties on sales of Rapifort® Wipes 2.5%	519	129	390	302 %
Total other revenue	**$ 19,519**	**$ 2,629**	**$ 16,890**	**642 %**

Other revenues increased approximately $16.9 million, to $19.5 million for the nine-month period ended September 30, 2023, from $2.6 million for the nine-month period ended September 30, 2022. Other revenue for the nine-month period ended September 30, 2023 includes a $19.0 million non-refundable upfront payment from Maruho under the New License Agreement. In addition, royalties on sales of Rapifort® Wipes 2.5%. in Japan were $0.5 million for the nine-month period ended September 30, 2023 as compared to $0.1 million for the three month period ended September 30, 2022. Other revenue for the nine-month period ended September 30, 2022 includes a net $2.5 million milestone payment from Maruho. In January 2022, Maruho received manufacturing and marketing approval in Japan for Rapifort® Wipes 2.5% (Japanese equivalent to U.S. FDA approved QBREXZA®), for the treatment of primary axillary hyperhidrosis, triggering the one-time net payment. Sales of Rapifort® in Japan will no longer be subject to a royalty after October 1, 2023 in accordance with the Second A&R License Agreement.

Gross-to-Net Sales Accruals

We record gross-to-net sales accruals for chargebacks, distributor service fees, prompt pay discounts, sales returns, coupons, managed care rebates, government rebates, and other allowances customary to the pharmaceutical industry.

Gross-to-net sales accruals and the balance in the related allowance accounts for the nine-month period ended September 30, 2023 and 2022, were as follows:

($'s in thousands)	Chargebacks and other allowances	Distributor Service Fees	Prompt Pay Discounts	Returns	Coupons	Managed Care Rebates	Gov't Rebates	Total
Balance as of December 31, 2022	**$ 253**	**$ 929**	**$ 207**	**$ 3,689**	**$ 1,696**	**$ 3,594**	**$ 1,010**	**$ 11,378**
Current provision related to sales in the current period	1,601	4,181	763	4,670	74,298	16,892	4,860	107,265
Checks/credits issued to third parties	(1,762)	(4,296)	(824)	(3,836)	(80,391)	(17,542)	(5,494)	(114,145)
Reclass coupon vendor deposit to accounts payable	—	—	—	—	6,167	—	—	6,167
Balance as of September 30, 2023	**$ 92**	**$ 814**	**$ 146**	**$ 4,523**	**$ 1,770**	**$ 2,944**	**$ 376**	**$ 10,665**

($'s in thousands)	Chargebacks and other allowances	Distributor Service Fees	Prompt Pay Discounts	Returns	Coupons	Managed Care Rebates	Gov't Rebates	Total
Balance as of December 31, 2021	**$ 622**	**$ 791**	**$ 197**	**$ 3,240**	**$ 4,992**	**$ 3,492**	**$ 690**	**$ 14,024**
Current provision related to sales in the current period	1,941	4,367	816	3,996	92,330	17,131	2,395	122,976
Checks/credits issued to third parties	(2,275)	(4,232)	(809)	(4,274)	(95,370)	(16,874)	(2,156)	(125,990)
Balance as of September 30, 2022	**$ 288**	**$ 926**	**$ 204**	**$ 2,962**	**$ 1,952**	**$ 3,749**	**$ 929**	**$ 11,010**

Gross-to-net sales accruals were $10.7 million at September 30, 2023, compared to $11.4 million at December 31, 2022, a decrease of $0.7 million. The decrease is primarily due to the decrease in gross sales for the nine-month period ended September 30, 2023. In addition, we terminated our Medicaid National Drug Rebate and Pharmaceutical Pricing Agreements in the third quarter. The decrease is partially offset by an increase in the provision for returns for Qbrexza for actual returns experience that occurred in the first quarter.

Cost of Goods Sold

Cost of goods sold decreased by $2.4 million, or 10%, to $20.6 million for the nine-month period ended September 30, 2023, from $23.1 million for the nine-month period ended September 30, 2022. The decrease is mainly due to lower than-prior-year product royalties driven by lower sales, including a contractual decrease in the Qbrexza royalty percentage from the prior year period.

Research and Development

Research and development expense decreased by $0.7 million, or 10%, to $6.0 million for the nine-month period ended September 30, 2023, from $6.7 million for the nine-month period ended September 30, 2022. The decrease is related to lower clinical trial expenses to develop our DFD-29 product as the project winds down.

Selling, General and Administrative

SG&A expenses decreased by $11.4 million, or 25%, to $34.1 million for the nine-month period ended September 30, 2023, from $45.5 million for the nine-month period ended September 30, 2022. The decrease is mainly due to our expense reduction efforts primarily in sales and marketing and other SG&A areas. During the last quarter of 2022, we implemented a cost reduction initiative designed to improve operational efficiencies, optimize expenses and reduce overall costs. The initiative is intended to reduce selling, general, and administrative expenses to better align costs with their revenue-generating capabilities. In connection with the cost reduction initiative, during the last quarter of 2022 and the first two quarters of 2023, we executed a headcount reduction to our salesforce and implemented marketing and other cost cuts.

Loss on impairment of intangible assets

We recorded a loss on the impairment of intangible assets of $3.1 million in the second quarter of 2023 related to the impairment of the Ximino intangible asset as a result of lower net product revenues and gross profit levels for the Ximino products. We discontinued selling Ximino on September 29, 2023.

Interest Expense

Interest expense increased by $0.3 million to $1.7 million for the nine-month period ended September 30, 2023, from $1.4 million for the nine-month period ended September 30, 2022.

Liquidity and Capital Resources

At September 30, 2023, we had $24.7 million in cash and cash equivalents as compared to $32.0 million of cash and cash equivalents at December 31, 2022.

On August 31, 2023, we entered into the New License Agreement with Maruho whereby we granted an exclusive license to Maruho to develop and commercialize Qbrexza® for the treatment of primary axillary hyperhidrosis, in South Korea, Taiwan, Hong Kong, Macau, Thailand, Indonesia, Malaysia, Philippines, Singapore, Vietnam, Brunei, Cambodia, Myanmar and Laos. Under the terms of the New License Agreement, in exchange for the exclusive rights to Qbrexza® in the Territory, Maruho paid $19.0 million to us as a non-refundable upfront payment.

In July 2023, we satisfied all of our outstanding debt obligations to East West Bank by voluntarily repaying the entire $10.0 million outstanding term loan under the EWB facility.

On December 30, 2022, we filed a shelf registration statement on Form S-3 (File No. 333-269079), which was declared effective by the Securities and Exchange Commission ("SEC") on January 26, 2023. This shelf registration statement covers the offering, issuance, and sale by us of up to an aggregate of $150.0 million of our common stock, preferred stock, debt securities, warrants, and units (the "2022 Shelf"). At September 30, 2023, $150.0 million remains available under the 2022 Shelf. In connection with the 2022 shelf, we entered into an At Market Issuance Sales Agreement (the "Sales Agreement") with B. Riley Securities, Inc. ("B. Riley"), relating to shares of our common stock. In accordance with the terms of the Sales Agreement, we may offer and sell up to 4,900,000 shares of our common stock, par value $0.0001 per share, from time to time through or to B. Riley acting as our agent or principal.

As a result of increased losses in the latter part of 2022, during the last quarter of 2022, we implemented a cost reduction initiative designed to improve operational efficiencies, optimize expenses, and reduce overall costs. The initiative is intended to reduce selling, general, and administrative expenses to better align costs with revenues being generated. In connection with the cost reduction initiative, during the nine-month period ended September 30, 2023, we executed a headcount reduction to our salesforce and implemented marketing and other cost cuts. As a result of the headcount reduction, the Company recorded a severance obligation of approximately $0.7 million, of which $0.1 million remains to be paid at September 30, 2023.

We regularly evaluate market conditions, our liquidity profile, and financing alternatives, including out-licensing arrangements for our products to enhance our capital structure. We may seek to raise capital through debt or equity financings, to expand our product portfolio, and for other strategic initiatives, which may include sales of securities under our 2022 Shelf or under a new registration statement. We cannot make any assurances that such additional financing will be available to us and, if available, the terms may negatively impact our business and operations. As such, substantial doubt exists about our ability to continue as a going concern for a period of at least twelve months from the date of issuance of the financial statements included in this Quarterly Report on Form 10-Q.

Cash Flows for the Nine-Month Periods Ended September 30, 2023 and 2022

($'s in thousands)	Nine-Month Periods Ended September 30, 2023	2022	Increase (Decrease)
Net cash provided by (used in) operating activities	$ 21,760	$ (9,698)	$ 31,458
Net cash used in investing activities	(5,000)	(20,000)	15,000
Net cash provided by (used in) financing activities	(24,014)	15,508	(39,522)
Net change in cash and cash equivalents	**(7,254)**	**(14,190)**	**6,936**

Operating Activities

Net cash flows provided by operating activities for the nine-month period ended September 30, 2023 increased by $31.5 million to $21.8 million from net cash flows used by operating activities of $9.7 million for the nine-month period ended September 30, 2022. The increase was driven primarily by the Company's cost reduction efforts as well as the cash payment of $19.0 million received under the New License Agreement with Maruho. This was also driven by vendor, supplier, and other payments in the ordinary course of business, which were generally lower as a result of our expense optimization efforts and accounts receivable collections.

Investing Activities

Net cash used in investing activities decreased by $15.0 million from period to period. The nine-month period ended September 30, 2023 reflects the $5.0 million deferred cash payment paid in January 2023 related to the VYNE Product Acquisition. The nine-month period ended September 30, 2022 reflects the upfront $20.0 million payment for the VYNE Product Acquisition.

Financing Activities

Net cash flows used in financing activities for nine-month period ended September 30, 2023 increased by $39.5 million to $24.0 million from $15.5 million of cash flows provided by financing activities for the nine-month period ended September 30, 2022. The increase reflects a cash outflow of $20.0 million for the repayment of principal on the EWB term loan and net cash outflows of $2.9 million from the repayment of the EWB revolving line of credit. Net cash provided by financing activities for the nine-month period ended September 30, 2022 reflects net proceeds of $19.8 million from the EWB term loan offset by $3.0 million in payments of the installment notes related to our previously acquired products and $0.8 million for repayment our EWB revolving line of credit.

Material Cash Requirements

In the normal course of business, we enter into contractual obligations that contain cash requirements of which the most significant to date include the following:

- Pursuant to our January 2022 agreement with VYNE Therapeutics, Inc. under which we acquired Amzeeq® and Zilxi® (the "VYNE Product Acquisition Agreement"), upon the achievement of net sales milestone payments with respect to the products purchased in the VYNE Product Acquisition Agreement, we are also required to pay contingent consideration consisting of a one-time payment, per product, of $10 million, $20 million, $30 million, $40 million and $50 million upon each product reaching annual sales of $100 million, $200 million, $300 million, $400 million and $500 million, respectively. Each required payment must only be paid one time following the first achievement of the applicable annual sales milestone amount.

- On June 29, 2021, we entered into a license, collaboration, and assignment agreement (the "DFD-29 Agreement") to obtain the global rights for the development and commercialization of a late-stage development modified release oral minocycline for the treatment of rosacea ("DFD-29") with Dr. Reddy's Laboratories, Ltd ("DRL"). Based on the development and commercialization of DFD-29, additional contingent regulatory and commercial milestone payments totaling up to $158.0 million may also become payable. Royalties ranging from ten percent to twenty percent are payable on net sales of the product. Additionally, the Company was required to fund and oversee the Phase 3 clinical trials beginning upon the license of DFD-29 in 2021. The two Phase 3 clinical trials substantially concluded in July 2023 upon the receipt of positive topline results from the trials. The Company expects to pay an approximately $4.0 million filing fee to the FDA upon filing of an Investigational New Drug Application ("NDA") for DFD-29 around year end 2023. The Company also has an additional contingent milestone payment to DRL upon acceptance of the NDA, the timing of which is uncertain.

- We are contractually obligated to make installment milestone payments of $3.0 million on Ximino, all of which is classified as current as is it due within a year of the September 30, 2023.

- We are contractually obligated to make sales-based royalty payments to Dermira (for Qbrexza), Sun Pharmaceutical Industries (for Exelderm and Ximino) and PuraCap Caribe (for Targadox). Due to the contingent nature of these obligations, the amounts of these payments cannot be reasonably predicted.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness, as of September 30, 2023, of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in internal control over financial reporting occurred during the most recent quarter with respect to our operations; which materially affected, or is reasonable likely to materially affect, our internal controls over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings.

To our knowledge, there are no legal proceedings pending against us, other than routine actions, administrative proceedings, and other actions not deemed material, that are expected to have a material adverse effect on our financial condition, results of operations, or cash flows. In the ordinary course of business, however, the Company may be subject to both insured and uninsured litigation. Suits and claims may be brought against the Company by customers, suppliers, partners and/or third parties (including tort claims for personal injury arising from clinical trials of the Company's product candidates and property damage) alleging deficiencies in performance, breach of contract, etc., and seeking resulting alleged damages.

Item 1A. Risk Factors.

We have disclosed below, as well as under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the "2022 Form 10-K"), supplemented by the disclosure below, a number of risks which may materially affect our business, financial condition or results of operations. You should carefully consider these Risk Factors and other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us may also materially adversely affect our business, financial condition and/or results of operations.

There is substantial doubt regarding our ability to continue as a going concern. We may need to raise additional funding (which may not be available on acceptable terms to the Company, or at all) and/or to delay, limit or terminate certain of our product development and commercialization efforts or other operations.

Based on our current business plan and the current amount of cash and cash equivalents available to us, we have concluded that there is substantial doubt regarding our ability to continue as a going concern for a period of at least 12 months from the date of the issuance of the financial statements included in our Quarterly Report on Form 10-Q for the period ended September 30, 2023. In July 2023, we repaid our previously outstanding term loan in full, and therefore our assets are now unencumbered and available to support a new borrowing relationship to provide additional working capital, which we plan to pursue along with our costs reduction initiatives in 2023. In addition to reductions in sales force and marketing expenses, we may also seek to raise capital through additional debt or equity financing, which may include sales of securities under our existing shelf registration statement on Form S-3, including under the Sales Agreement with B. Riley, or under a new registration statement.

Our efforts to raise additional funding may divert our management from its day-to-day activities, which may adversely affect our ability to develop and commercialize our products. In addition, we cannot guarantee that financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our stockholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our common stock to decline. The sale of additional equity or convertible securities would dilute all of our stockholders. Potential indebtedness, if incurred, would result in increased fixed payment obligations, and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. We may be required to relinquish rights to some of our technologies or products or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects.

If funding for our operations is not available or not available on terms acceptable to us, our strategic plans may be limited. In addition, in order to address our current funding constraints, we may be required to further revise our business plan and strategy, which may result in us (i) significantly curtailing, delaying or discontinuing our DFD-29 research or development programs or the commercialization of any other products, (ii) selling certain of our assets and/or (iii) being unable to expand our operations or otherwise capitalize on our business opportunities. Such measures may become necessary whether or not we are able to raise additional capital. As a result, our business, financial condition, and results of operations could be materially affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the period covered by this report, we have not sold any equity securities in transactions that were not registered under the Securities Act, and we nor our affiliates have purchased any equity securities issued by us.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit No.	Description
3.1	Third Amended and Restated Certificate of Incorporation of Journey Medical Corporation, filed as Exhibit 3.1 to Form 10-K, filed on March 28, 2022 and incorporated herein by reference.
3.2	Amended and Restated Bylaws of Journey Medical Corporation, filed as Exhibit 3.2 to Form 10-K, filed on March 28, 2022 and incorporated herein by reference.
4.1	Form of Common Stock Certificate, filed as Exhibit 4.1 to Form S-1, filed on October 22, 2021 and incorporated herein by reference.
4.2	Description of Securities of Journey Medical Corporation, filed as Exhibit 4.2 to Form 10-K, filed on March 28, 2022 and incorporated herein by reference.
10.1	License Agreement, dated as of August 31, 2023, between Journey Medical Corporation and Maruho Co., Ltd.**+
10.2	Second Amended and Restated License Agreement, dated as of August 31, 2023, between Journey Medical Corporation and Maruho Co., Ltd.**+
31.1	Certification of Chief Executive Officer of Journey Medical Corporation pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 9, 2023.**
31.2	Certification of Principal Financial Officer of Journey Medical Corporation pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November 9, 2023.**
32.1	Certification of Chief Executive Officer of Journey Medical Corporation pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 9, 2023.***
32.2	Certification of Principal Financial Officer of Journey Medical Corporation pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 9, 2023.***
101	The following financial information from the Company's quarterly report on Form 10-Q for the period ended September 30, 2023, formatted in Inline Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statement of Stockholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements (filed herewith).**
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).**

** Filed herewith.
*** Furnished herewith.
+ Certain confidential portions of this exhibit were omitted (indicated by "[***]") pursuant to Item 601(b)(10)(iv) of Regulation S-K because the information is both not material and the type of information that the Company treats as private or confidential.

SIGNATURES

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

Journey Medical Corporation
(Registrant)

Date: November 9, 2023

By: /s/ Claude Maraoui
Claude Maraoui
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 9, 2023

By: /s/ Joseph Benesch
Joseph Benesch
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE OF INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

EXCLUSIVE LICENSE AGREEMENT

This EXCLUSIVE LICENSE AGREEMENT ("**Agreement**") is made effective as of the 31st day of August, 2023 (the "**Effective Date**"), by and between Maruho Co., Ltd., a corporation organized and existing under the laws of Japan with offices at 1-5-22, Nakatsu, Kitaku, Osaka, 531-0071, Japan ("**Maruho**") and Journey Medical Corporation, a corporation organized and existing under the laws of Delaware with offices at 9237 East Via De Ventura, Suite 105, Scottsdale, AZ 85258, U.S.A. ("**Journey**"). Maruho and Journey may, from time-to-time, be individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

RECITALS

WHEREAS, Journey and Dermira, Inc., a Delaware corporation ("**Dermira**") entered into that certain Asset Purchase Agreement effective as of March 31, 2021 (the "**APA**"), pursuant to which Journey acquired the Licensed IP Rights (hereinafter defined) that cover [***];

WHEREAS, Maruho and Journey are parties to that certain Second Amended and Restated Exclusive License Agreement effective as the date hereof, pursuant to which Journey granted to Maruho certain licenses under the Licensed IP Rights for the Exploitation of Products in Japan on the terms and conditions set forth therein (the "**Second A&R Japan License Agreement**"); and

WHEREAS, Journey wishes to grant to Maruho and Maruho wishes to receive certain rights under the Licensed IP Rights for the Exploitation of Products in the Field in the Territory (with each capitalized term hereinafter defined).

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties, intending to be legally bound hereby, agree to the foregoing and as follows:

1. DEFINITIONS

1.1. **"Adverse Drug Experience**" means any serious, non-serious or unexpected adverse event associated with the use of a drug in humans, whether or not considered drug-related, that may come to the attention of either of the Parties or their respective Affiliates or Third Party subcontractors with regard to the Product including but not limited to those that are of such a nature and magnitude that they are required under Applicable Law to be reported to the FDA or the applicable Regulatory Authority.

1.2. "**Affiliate**" means, with respect to a Person, any other Person that controls, is controlled by, or is under common control with that Person. For the purpose of this definition, "**control**" shall refer to: (a) the possession, directly or indirectly, of the power to direct the management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise, or (b) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting securities of such entity.

1.3. "**Applicable Laws**" means all applicable laws, statutes, rules, regulations and guidelines of any jurisdiction, including, without limitation, all good clinical practices, all good laboratory practices, all Good Manufacturing Practices and all applicable standards or guidelines promulgated by the FDA or the applicable Regulatory Authority.

1.4. "**Bankrupt Party**" has the meaning as set forth in Section 17.17.

1.5. "**Bankruptcy Event**" has the meaning as set forth in Section 13.3.

1.6. "**Bankruptcy Code**" has the meaning as set forth in Section 13.3.

1.7. "**Business Day**" means any day other than (a) a Saturday, a Sunday or (b) a day on which commercial banks located in San Francisco, California, or Osaka, Japan are authorized or required by law to remain closed.

1.8. "**Calendar Quarter**" means each three (3) month period commencing on January 1st, April 1st, July 1st and October 1st.

1.9. "**Calendar Year**" means the twelve (12) month period commencing on each January 1st.

1.10. "**CEOs**" has the meaning as set forth in Section 3.3.

1.11. "**Commercialize**" or "**Commercialization**" means to manufacture for sale, market, promote, distribute, and sell.

1.12. "**Commercially Reasonable Efforts**" means the carrying out of Development or Commercialization activities with respect to the Product in a sustained manner using good faith and diligent efforts, using the efforts normally used by a comparable pharmaceutical company in the development or commercialization of a pharmaceutical product at a similar stage in its development or commercialization, but not taking into account or considering in any manner the payments that could be due and owed to Journey pursuant to the terms of this Agreement.

1.13. "**Confidential Information**" has the meaning as set forth in Section 9.1.

1.14. "**Control**" or "**Controlled**" means, with respect to any Intellectual Property Rights, the legal authority or right (whether by ownership, license or otherwise) of a Party to grant a license or a sublicense of or under such Intellectual Property Rights to the other Party without breaching the terms of any agreement with a Third Party.

1.15. "**Designee**" has the meaning as set forth in Section 3.3.

1.16. "**Develop**" or "**Development**" means to conduct any and all research and development activities necessary to obtain Regulatory Approval to commercialize a drug candidate.

1.17. "**Developed IP**" has the meaning as set forth in Section 8.2.

1.18. "**Development Plan**" means a development plan written in English for the Development of the Product in the Territory and includes without limitation (a) all non-clinical and clinical studies to be conducted for Regulatory Approval of the Product in the Territory, (b) regulatory requirements for the Product in the Territory, and (c) Journey's support and assistance for the Development of the Product in the Territory (as Journey has agreed in writing or approved by the Steering Committee).

1.19. "**Exploit**" or "**Exploitation**" means to develop, register, make, have made, manufacture, have manufactured, use, sell, offer for sale, distribute, export and import.

1.20. "**FDA**" means the Food and Drug Administration of the United States, or the successor thereto.

1.21. "**Field**" means the topical treatment or prevention of axillary hyperhidrosis in human patients for prescription and/or over-the-counter.

1.22. "**First Commercial Sale**" means the first sale for use or consumption by the general public of the Product in the Territory following receipt of Regulatory Approval for such Product in the Territory.

1.23. "**Force Majeure Event**" has the meaning as set forth in Section 17.4.

1.24. "**Good Manufacturing Practices**" means all applicable current Good Manufacturing Practices including, as applicable, (a) the principles detailed in the U.S. Current Good Manufacturing Practices, 21 C.F.R. Parts 4, 210, 211, 601, 610 and 820; (b) European Directive 2003/94/EC and Eudralex 4; (c) the principles detailed in the WHO TRS 986 Annex 2, TRS 961 Annex 6 and TRS 957 Annex 2; (d) ICH Q7 guidelines; and (e) the equivalent Applicable Laws in any relevant country, each as may be amended and applicable from time to time.

1.25. "**ICDR**" has the meaning as set forth in Section 16.3.

1.26. "**Improvements**" has the meaning as set forth in Section 2.5.2.

1.27. "**IND**" means an investigational new drug application filed with the applicable Regulatory Authority for authorization for the investigation of the Product in the Field.

1.28. "**Indemnitee**" has the meaning as set forth in Section 11.3.

1.29. "**Indemnitor**" has the meaning as set forth in Section 11.3.

1.30. "**Intellectual Property Rights**" means all trade secrets, copyrights, patents and other patent rights, trademarks, moral rights, and any and all other intellectual property or proprietary rights now known or hereafter recognized in any jurisdiction.

1.31. "**Journey Other IP**" has the meaning as set forth in Section 8.4.

1.32. "**Journey Product IP**" has the meaning as set forth in Section 8.3.

1.33. "**Know-How**" means all confidential and proprietary information and data Controlled by Journey (a) as of the Effective Date and which: (i) was disclosed to Maruho under the Second A&R Japan License Agreement prior to the Effective Date of this Agreement, and (ii) is necessary for Maruho to Exploit the Product, (b) which is included within the Developed IP, or (c) which is included within the Journey Product IP.

1.34. "**Know-How Perpetual License**" has the meaning as set forth in Section 2.1.

1.35. "**Knowledge**" has the meaning as set forth in Section 10.2.1.

1.36. "**Licensed IP Rights**" means collectively, the Patent Rights and Know-How and the Manufacturing Know-How.

1.37. "**Losses and Claims**" means collectively, any and all Third Party demands, claims, actions and proceedings (whether criminal or civil, in contract, tort or otherwise) for losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees).

1.38. "**Manufacturing Know-How**" means (a) the confidential and proprietary information and data relating to the manufacture of [***]that is Controlled by Journey as of the Effective Date and set forth on Schedule B attached hereto and (b) the confidential and proprietary information and data relating to the manufacture of [***]that was provided to Maruho under the Second A&R Japan License Agreement prior to the Effective Date of this Agreement (irrespective of whether such disclosure was made by Dermira prior to the APA Effective Date (as defined in the Second A&R Japan License Agreement), Journey or the Shared Manufacturer).

1.39. "**Maruho Other IP**" has the meaning as set forth in Section 8.5.

1.40. "**NDA**" means a new drug application filed with the applicable Regulatory Authority for authorization for marketing the Product in the Field.

1.41. "**Non-Bankrupt Party**" has the meaning as set forth in Section 17.17.

1.42. "**Patent Rights**" means: (a) the patents and patent applications listed in Schedule A and any patents and patent applications within the Developed IP and Journey Product IP, (b) all divisionals and continuations in the Territory that claim priority to the patents or patent applications described in clause (a), (c) all patents that have issued or in the future issue from any of the foregoing patent applications described in clauses (a) and (b) in the Territory, including utility, model and design patents and certificates of invention, and (d) any reissues, renewals, extensions or additions of any of the foregoing in the Territory.

1.43. "**Person**" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

1.44. "**Product**" or "**Products**" means a drug product that incorporates [***] as the sole active pharmaceutical ingredient.

1.45. "**Product Trademarks**" means all registered and unregistered trademarks, service marks, trade dress, trade names, logos, insignias, domain names, symbols, designs, and combinations thereof, in each case that are developed and used by Maruho, its Affiliates or its sublicensees in the Development or Commercialization of the Product in the Field and Territory and identifies the Product. The "Product Trademarks" will not include any trademark registered and maintained by Journey ("**Journey Trademark(s)**"). For the avoidance of doubt if a trademark used by Maruho comprises a Journey Trademark, then such trademark is not a Product Trademark and is owned by Journey.

1.46. "**Recipients**" has the meaning as set forth in Section 9.2.

1.47. "**Records**" has the meaning as set forth in Section 4.4.

1.48. "**Regulatory Approval**" means, with respect to the Product, any approval (including where required, pricing and reimbursement approvals), registration, license or authorization that is required by the applicable Regulatory Authority to market and sell the Product in the Field and Territory.

1.49. "**Regulatory Authority**" means the applicable governmental authority responsible for granting Regulatory Approvals for the Product in a given Region in the Territory.

1.50. "**Regulatory Filings**" means, with respect to the Product, any submission to a Regulatory Authority of any appropriate regulatory application, including, without limitation, any IND, NDA, any submission to a regulatory advisory board, any marketing authorization application, and any supplement or amendment thereto.

1.51. "**Relevant Records**" has the meaning as set forth in Section 7.1.1.

1.52. "**Report Due Date**" means February 1st for the reporting period from October 1st to December 31st in the preceding year, May 1st for the reporting period from January 1st to March 31st, August 1st for the reporting period from April 1st to June 30, and November 1st for the reporting period from July 1st to September 30.

1.53. "**Reports**" has the meaning as set forth in Section 4.5.

1.54. "**Safety Agreement**" has the meaning as set forth in Section 4.6.

1.55. "**Shared Manufacturer**" means AMSA S.p.A., an Italian corporation.

1.56. "**Specifications**" has the meaning as set forth in Section 3.2.5.

1.57. "**Steering Committee**" has the meaning as set forth in Section 3.1.

1.58. "**Taxes**" has the meaning as set forth in Section 6.3.1.

1.59. "**Term**" has the meaning as set forth in Section 13.1.

1.60. "**Territory**" means South Korea, Taiwan, Hong-Kong, Macau, Thailand, Indonesia, Malaysia, Philippines, Singapore, Vietnam, Brunei, Cambodia, Myanmar and Laos (each, a "**Region**").

1.61. "**Third Party**" means any Person other than a Party or an Affiliate of a Party.

1.62. "**Withholding Tax Requirement**" has the meaning as set forth in Section 6.3.2.

2. LICENSE GRANT

2.1. **License Grant**. Subject to the terms and conditions of this Agreement, Journey hereby grants to Maruho: (a) an exclusive (subject to Section 2.2), sublicensable (subject to Section 2.3, and to the extent applicable, to Section 2.4 and Section 2.5), royalty-bearing, registered right and license under the Licensed IP Rights to Exploit the Product in the Field and the Territory; and (b) a non-exclusive, sublicensable (subject to Section 2.3, and to the extent applicable, to Section 2.4 and Section 2.5), non-transferable (other than in accordance with Section 17.1) right and license under the Licensed IP Rights to manufacture or have manufactured [***] and Products outside of the Territory, but exclusively for the sale of Products within the Territory. Notwithstanding the foregoing, the right and license granted to Maruho under Know-How and Manufacturing Know-How are an irrevocable and perpetual right and license unless (x) Maruho terminates this Agreement pursuant to Section 13.4, or (y) Journey terminates this Agreement pursuant to Sections 13.2, 13.3, or 13.5 (hereinafter the "**Know-How Perpetual License**").

2.1.1. Promptly after execution of this Agreement (and if any Licensed IP Rights are added to this Agreement, promptly thereafter) and upon Maruho's request, Journey shall register, through Maruho's assistance, exclusive right and license granted to Maruho hereunder with the patent office in the applicable Region in the Territory, if applicable.

In the event of a Bankruptcy Event of Journey and at any time prior to the termination of this Agreement, Journey shall not cancel such registration without prior written consent of Maruho. Maruho shall pay the fees to the patent office for the registration and maintenance (if any) of such exclusive right and license.

2.2. **Grant Back Rights**. Maruho hereby grants to Journey and its Affiliates a sublicensable, perpetual, irrevocable, fully paid up, non-exclusive, royalty-free right under the Licensed IP Rights to make, have made, manufacture or have manufactured [***]and Products within the Territory for use and sale outside of the Territory.

2.3. **Sublicense Rights**. Maruho may sublicense the rights granted to it by Journey under this Agreement to any of its Affiliates or any Third Party without obtaining Journey's prior approval, provided that, Maruho provides Journey with written notice of each sublicense within three (3) Business Days after the execution of the applicable sublicense agreement. Any and all sublicenses shall be subject to the following conditions:

2.3.1. All sublicenses shall be subject to and consistent with the terms and conditions of this Agreement and shall: (a) preclude the assignment of such sublicense without the prior written approval of Journey, (b) include Journey as a third party beneficiary under the sublicense with the right to enforce the terms of such sublicense, and (c) preclude the granting of further sublicenses in contravention with the terms and conditions of this Agreement. In no event shall any sublicense relieve Maruho of any of its obligations under this Agreement.

2.3.2. Maruho shall furnish to Journey a true and complete copy of each sublicense agreement (including any sublicense of Manufacturing Know-How) and each amendment thereto within thirty (30) days after the sublicense or amendment has been executed, provided that Maruho may redact confidential provisions of the sublicense agreement and each amendment that are not reasonably required by Journey to confirm Maruho's compliance with this Agreement. In addition, if the executed sublicense agreement or amendment is in Japanese, Maruho has no obligation to provide to Journey with any translation of the document.

2.3.3. Except with respect to Manufacturing Know-How, Journey agrees that Maruho's obligation set forth in this Section 2.3 will not apply to the agreements between Maruho or its Affiliates and contract research organizations, contract manufacturing organizations and similar Third Parties in each case performing services for the benefit of Maruho or its Affiliates or a Maruho sublicensee.

2.4. **[***]Rights**. Journey has obtained certain intellectual property and data rights (the "**[***] Rights**") from [***] and [***] pursuant to that certain Exclusive License Agreement dated [***], the redacted version of which has been provided to Maruho as of the Effective Date. If during the Development of the Product it is necessary to utilize the [***], then the following shall apply:

2.4.1. For purposes of the license grant under Section 2.1, the Licensed IP Rights shall include the [***]to the extent necessary for the Exploitation of the Product in the Field and in the Territory.

2.4.2. As between the Parties, Maruho shall be solely responsible for all amounts payable directly by Journey to [***] pursuant to the [***] resulting from the Exploitation of Products in the Field in the Territory by Maruho or any of its Affiliates or sublicensees.

2.4.3. If Maruho further sublicenses the [***] (as included within the license grant under Section 2.1) to a Third Party (a "[***] **Sublicensee**"), then Maruho's sublicense agreement with the [***] shall be within the scope of the license granted under the [***] and shall be consistent with the terms of the [***] in all respects. For clarity, as of the Effective Date, Maruho or [***] Sublicensee will not be under any obligation vis-à-vis Journey in connection with the Exploitation of the Products in the Field in the Territory other than the obligations described in this Agreement and the [***].

2.4.4. Maruho shall (and shall cause each [***]Sublicensee to) (a) indemnify [***] as provided in [***] and indemnify [***] as provided in the [***], in each case as Journey's sublicensee in the Field in the Territory, subject to conditions and procedures substantially equivalent to those contained in [***] and the [***], and (b) maintain the [***] under confidentiality obligations no less protective than those set forth in [***].

2.4.5. All information provided by Journey to Maruho that constitutes Patent Rights and Technology (as defined in the [***]) shall be governed by the terms of [***].

2.4.6. [***] shall be intended third party beneficiaries of this Agreement and Maruho shall include in each [***] Sublicense an express statement that [***] are intended third party beneficiaries of the [***] Sublicense.

2.5. Manufacturing Know-How; Manufacturing Know-How Sublicense Rights.

2.5.1. Notwithstanding anything to the contrary contained herein, neither Maruho nor its Affiliates shall have the right to grant any sublicense under the Manufacturing Know-How without Journey's prior written consent, which shall not be unreasonably withheld, conditioned or delayed; provided that Maruho may sublicense its rights under the Manufacturing Know-How, in whole or in part, without the prior written consent of Journey, to the Shared Manufacturer for the sole purpose of performing contract manufacturing for the [***] on behalf of Maruho (or its Affiliates) for the Development or Commercialization of Products in the Field within the Territory. For the avoidance of doubt, nothing in this Agreement shall be deemed or construed to grant Maruho (or its Affiliates) or any of its sublicensees or subcontractors any rights under Manufacturing Know-How to manufacture or have manufactured any other products, and any rights in the Manufacturing Know-How are solely for the manufacture of the [***] for the Development or Commercialization of Products within the Territory. Any sublicense granted by Maruho in accordance with this Section 2.5.1 will meet the requirements of Sections 2.3.1and 2.3.2 above.

2.5.2. Journey shall solely own any improvements, modifications or derivative works of or resulting from any Manufacturing Know-How, the subject matter described or claimed therein, or the use thereof after the Effective Date (collectively, the "**Improvements**"); provided, however, that such Improvements will be included in the license grant under Section 2.1 above.

2.5.3. Maruho acknowledges and agrees that, as of the Effective Date, Journey has completed the transfer of any Manufacturing Know-How and the provision of any related assistance to Maruho, in each case, pursuant to the terms of the Second A&R Japan License Agreement.

2.5.4. The Parties acknowledge that the Shared Manufacturer has access to certain Confidential Information of Journey (including Manufacturing Know-How) that may

be necessary or required for the manufacture of [***] and Products for sale in the Territory by Maruho (or its Affiliate). With the prior written consent of Journey, which shall not be unreasonably withheld, conditioned or delayed, Maruho may contact, or otherwise engage in discussions with the Shared Manufacturer with respect to such Confidential Information, solely to the extent necessary or required for the manufacture of [***] and Products for sale in the Territory by Maruho (or its Affiliate). Any disclosure of Confidential Information to Maruho pursuant to this Section 2.5.4 by the Shared Manufacturer shall be deemed to be a disclosure of Confidential Information by or on behalf of Journey to Maruho and shall be explicitly subject to Article 9. Journey shall enable the ability of the Shared Manufacturer to disclose such Confidential Information to Maruho.

2.6. **Exclusivity**. During the Term, and except with respect to the Product under this Agreement, neither Maruho nor any of its Affiliates (nor any sublicensee of Maruho as provided under Sections 2.3, 2.4 or 2.5 of this Agreement) shall Develop or Commercialize in the Field and in the Territory a product that contains an anticholinergic agent, provided that, with respect to this Section 2.6 only, the term "Develop" as applied to Maruho, its Affiliates or its sublicensees does not include basic, non-clinical research activities (but still includes clinical research activities such as clinical trials and other non-clinical registration enabling research such as toxicology studies). During the Term, neither Journey nor any of its Affiliates shall itself (and neither shall grant a license to any Third Party to) Develop or Commercialize in the Field and in the Territory a product that contains [***] (alone or in combination with another drug substance); provided that the foregoing shall not restrict Journey or its Affiliates from granting a license to the Manufacturing Know-How to a Third Party performing contract manufacturing services solely for the [***]on behalf of Maruho (or its Affiliates) for Products for sale within the Territory.

2.7. **No Additional Rights; Conflicts**. Nothing in this Agreement shall be construed to confer any rights upon Maruho by implication, estoppel, or otherwise as to any technology or Intellectual Property Rights of Journey or its Affiliates other than the Licensed IP Rights.

3. GOVERNANCE

3.1. **Establishment of Steering Committee**. No later than thirty (30) days after the Effective Date, the Parties will establish a committee to oversee and monitor the Development and Commercialization of the Product in the Territory (the "**Steering Committee**").

3.1.1. The Steering Committee will be composed of three (3) representatives of each Party, who shall be appointed (and may be replaced at any time) by such Party on written notice to the other Party in accordance with this Agreement. Any member of the Steering Committee may designate a substitute to attend and perform the functions of that member at any meeting of the Steering Committee.

3.1.2. The Steering Committee will be held at least twice each year during the Term, or more frequently as agreed by the Steering Committee provided that the minimum frequency will be decreased to once each year after the first anniversary of the First Commercial Sale of the Product. The location of regularly scheduled in-person Steering Committee meetings shall alternate between the offices of the Parties, unless otherwise agreed. Meetings may be held telephonically, provided that at least one meeting in a Calendar Year is an in-person meeting. If exigent circumstances exist, and upon the written request of either Party, a special meeting of the Steering Committee may be convened

to discuss and review any material quality issues with respect to the Product in accordance with Section 3.2.3.

3.1.3. The Party hosting any Steering Committee meeting shall appoint one person (who need not be a member of the Steering Committee) to attend the meeting and record the minutes of the meeting. Such minutes shall be circulated to the Parties promptly following the meeting for review, comment and distribution. A final copy of the minutes of each meeting, clearly describing any formal actions taken by the Steering Committee, shall be approved and signed by a representative from each Party within thirty (30) days after the meeting.

3.1.4. The Steering Committee will operate by unanimous consent, with each Party having a single vote.

3.1.5. At any time during the Term and for any reason, Journey shall have the right to withdraw from participation in the Steering Committee effective immediately upon written notice to Maruho.

3.1.6. For clarity, the Steering Committee may, but is not required to, have the same representatives and meet at the same time as the "Steering Committee" established by the Parties under the Second A&R Japan License Agreement.

3.2. Steering Committee Responsibilities. In addition to and without limiting the general oversight functions described above, the Steering Committee shall perform the following functions specific to Maruho's Development and Commercialization of Product in the Field and Territory (other than the function described in Section 3.2.7 which is specific to Journey's development and Commercialization):

3.2.1. review and approve the Development Plan and any proposed amendments to the Development Plan;

3.2.2. review and approve the following, for which Maruho will prepare summaries, each with sufficient detail regarding, as applicable, general strategy, dosing, efficacy, safety, and inclusion and exclusion criteria: (a) any non-clinical studies and protocols and any non-clinical study report conclusions; (b) any clinical trial protocols and any clinical study report conclusions, (c) any Regulatory Filing, and (d) any scientific publication or public presentation regarding [***] or Product. With respect to the approval process under Section 3.2.2, at Maruho's discretion, the applicable summary may be sent directly to Journey's Steering Committee members and if such Steering Committee members have not responded within seven (7) Business Days, then the applicable approval shall be deemed given by Journey's Steering Committee members. Maruho shall provide the summaries in English, but shall not be obligated to translate the underlying protocols and documents identified in Section 3.2.2, provided Maruho shall continue to be obligated to maintain and make available such protocols and documents in accordance with Section 4.4;

3.2.3. review any material quality issues with respect to the Product that may impact Journey's or Maruho's development and Commercialization of the Product, and discuss any necessary remedial action to be undertaken with respect thereto;

3.2.4. review any material changes to the manufacturing of [***] or Products, or any material updated information (including Improvements) which are necessary or useful with

respect thereto, for which each Party will endeavor to disclose such information to the JSC in a timely manner;

3.2.5. review and discuss any changes, modification or amendment to the specifications set forth on Schedule D attached hereto (the "**Specification**" or "**Specifications**") and any material changes thereto, which Maruho shall provide to the Steering Committee on a timely basis.

3.2.6. review and approve the commercialization plan and proposed amendments to the commercialization plan;

3.2.7. review and approve requests by Maruho for Journey support and assistance in connection with the Development of the Product in the Territory; provided that any Journey support and assistance shall be provided in Journey's sole discretion, and any other support and assistance to be provided by Journey shall be subject to further negotiation between the Parties;

3.2.8. review and discuss proposed candidates (other than the Shared Manufacturer) to perform contract manufacturing for the [***] for Products to be sold within the Territory;

3.2.9. review Journey's progress of its development and the Commercialization of the Product outside the Territory;

3.2.10. establish working committees and delegate authority of the Steering Committee thereto as the Steering Committee deems necessary; and

3.2.11. serve as the first forum for settlement of disputes or disagreements arising from the Development or Commercialization of the Product in the Territory, unless otherwise indicated in this Agreement.

3.3. Decision Making. Decisions of the Steering Committee shall be made by unanimous vote, with each Party having one vote. If the votes required to approve a decision cannot be reached within the Steering Committee, then the Parties shall refer the matter, within ten (10) Business Days after the matter was first considered by the Steering Committee, to their respective Chief Executive Officers ("**CEOs**") or a representative designated by CEOs ("**Designee**") for discussion and attempted resolution in good faith. Such resolution, if any, of a referred matter by the CEOs or Designees shall be final and binding upon the Parties and shall be considered a decision of the Steering Committee for purposes of this Agreement. If fourteen (14) Business Days after the matter was first submitted to the CEOs, the CEOs or Designees are unable to reach consensus, then (i) Journey shall have the deciding vote on any matter that could potentially result in a negative impact on the development or Commercialization of the Product (A) outside of the Territory (other than to the extent Maruho has final decision-making rights with respect thereto in Japan, pursuant to the terms of the Second A&R Japan License Agreement), or (B) within the Territory but outside of the Field, and (ii) Maruho shall have the deciding vote on any matter substantially related to Development, manufacture or Commercialization of the Product in the Field and Territory, provided that is also not a matter within clause (i). For any disputed matters at the Steering Committee that are not resolved by the CEOs or Designees and do not fall within clauses (i) or (ii), the Parties shall submit the matter to arbitration in accordance with Section 16.3.

4. DEVELOPMENT AND COMMERCIALIZATION

4.1. **Development Efforts**. Upon execution of sublicense agreement for the Product in each region within the Territory, Maruho shall prepare and provide to Journey the proposed initial Development Plan. As soon as practicable, the Parties shall hold a Steering Committee meeting to review and approve the Development Plan as provided by Section 3.2. Maruho shall itself, or through its Affiliates or sublicensees, use Commercially Reasonable Efforts to (a) achieve each milestone owed by Journey as set forth in Table 3.2(a)(i) of the APA, as further described in Schedule E, for the Product in the Field in the Territory in a prompt and expeditious manner and (b) subject to the foregoing, Develop the Product in the Field and Territory in accordance with the approved Development Plan and in accordance with all Applicable Laws. Without limiting the foregoing, Maruho shall not, and shall not authorize or permit its Affiliates or sublicensees to, take any action, or omit to take any action, with the intent of avoiding, delaying or reducing any milestone payments or sales-based payments payable by Journey to Dermira under the APA. In connection with its efforts to Develop the Product, Maruho shall bear all responsibility and expense for filing Regulatory Filings in Maruho's, its Affiliates' or sublicensees's name and obtaining Regulatory Approval for the Product in the Field and Territory. Maruho will undertake such activities at its sole expense. Without the prior written consent of Journey, Maruho shall not contact any Third Party, or otherwise engage in discussions with a Third Party, regarding access to such Third Party's data that may be used in connection with the Development or the Regulatory Approval of the Product in the Field and Territory.

4.2. **Commercialization**. Maruho shall itself, or through its Affiliates or sublicensees, use Commercially Reasonable Efforts to Commercialize the Product in the Territory (which, for clarity, shall include Commercializing the Product in the Field in each Region in the Territory in which Maruho has itself, or through its Affiliates or sublicensees, obtained Regulatory Approval from the applicable Regulatory Authorities). Maruho will undertake such activities at its sole expense.

4.3. **Further Exploitation**. Notwithstanding Sections 4.1 and 4.2, Maruho will use Commercially Reasonable Efforts to evaluate further Exploitation of the Product in each Region. If Maruho determines, in its sole discretion, through such analysis, that further Exploitation of the Product is warranted in a Region, Maruho will employ Commercially Reasonable Efforts with respect to the such Exploitation in such Region. Notwithstanding any other provision of this Agreement, if Maruho determines, in its sole discretion, through such analysis, that further Exploitation of the Product is not warranted in a Region, then Maruho shall promptly inform Journey of such determination and this Agreement shall be deemed to be terminated by Maruho pursuant to Section 13.4 with respect to such Region only.

4.4. **Records**. Maruho shall maintain records of the Development or Commercialization of the Product in the Territory in sufficient detail and in good scientific manner as shall reflect, to the reasonable extent, work done by Maruho or by a Third Party on Maruho's behalf and results achieved (the "**Records**"), including data in the form required under any applicable governmental regulations, as well as Good Manufacturing Practices in the Territory record retention practices. For avoidance of doubt, Records include all correspondences between Maruho (or a Third Party on Maruho's behalf) and any government agency including but not limited to all applicable Regulatory Authorities. For clarity, the Relevant Records defined in Section 7.1.1 are not included in the definition of the Records.

4.4.1. Maruho shall maintain the Records during the Term and for a period equal to the longer of (a) ten (10) years or (b) the period of time required by Applicable Laws.

4.4.2. Within three (3) months of the Effective Date, Maruho shall establish an electronic repository reasonably acceptable and accessible to Journey. Maruho shall maintain such repository and ensure to a reasonable extent that the Records are placed therein no later than five (5) Business Days after creation of such Records. For avoidance of doubt, other than the Records necessary for the Steering Committee review and approval as enumerated in Section 3.2, Maruho has no obligation to translate any of the other Records or any other documents from Japanese into English that are deposited in the electronic repository.

4.5. **Reports**. No later than the Report Due Date, Maruho shall provide to Journey a written report, in the English language, that contains the results of the Development or Commercialization of the Product for such Calendar Quarter, including status of any non-clinical or clinical study, study findings, summary of discussions with all applicable Regulatory Authorities and invention disclosure ("**Reports**"). Maruho shall also provide Journey with such additional information as Journey may reasonably request, at such times as Journey reasonably requests, in order for Journey to comply with its reporting obligations or to verify Maruho's compliance with its obligations under this Agreement. Maruho shall additionally provide Journey with such additional information regarding the Development and Commercialization efforts of Maruho and its Affiliates and sublicensees with respect to Products in the Field in the Territory, as required for Journey to comply with its reporting obligations to Dermira under the APA (including pursuant to Sections 3.2(c) and 3.2(d) thereof). Maruho's compliance with the immediately preceding sentence shall require that such reports contain all of the information required under the APA and to be provided to Journey reasonably in advance (but no less than five (5) calendar days) of any timelines set forth in the APA.

4.6. **Safety Reporting**. Maruho acknowledges that Journey has certain reporting obligations to Regulatory Authorities outside of the Territory regarding the Product. Maruho shall cooperate with Journey and shall ensure that Journey is provided with all information in a timely manner to enable Journey to comply with its reporting obligations to the FDA and other Regulatory Authorities outside of the Territory. As promptly as possible following the Effective Date and at least before the start of the first non-clinical study or clinical trial conducted by Maruho with [***] or the Product, the Parties shall enter into a safety agreement governing the Parties' respective responsibilities with respect to Adverse Drug Experiences, complaints and other safety-related matters relating to the Product in the Field in the Territory (the "**Safety Agreement**"). Among other things, the Safety Agreement shall include the following terms:

4.6.1. Journey shall own and maintain the global safety database with respect to the Product at its own cost

4.6.2. Any Adverse Drug Experience known by a Party or its Affiliates or Third Party subcontractors must be reported to the other Party in writing in accordance with the timelines and procedures set forth in the Safety Agreement;

4.6.3. Maruho shall cooperate with Journey to ensure the collection, reporting and follow-up of any safety data in the Territory.

4.6.4. Journey shall have the final decision on any drug safety or pharmacovigilance matters from the global perspective; provided that Maruho shall have the responsibility to conduct pharmacovigilance activities in the Territory and to reimburse Journey for out

of pocket cost and expenses related to specified pharmacovigilance activities in the Territory, as further described in Section 6.1.4; and

4.6.5. Maruho shall not, and shall ensure that each of its Affiliates and sublicensees (including their respective employees, agents and Third Party subcontractors) shall not, make any public statement or give any public opinion on drug safety or pharmacovigilance matters, whether orally or in writing, without first having received Journey's express written consent to do so, provided that Journey shall not withhold, delay or condition such consent in a manner that would result in Maruho's non-compliance with Applicable Law and further provided that once Journey has provided its consent for a particular statement or opinion then Maruho shall be able to freely release such statement or opinion without the need for additional consent.

5. SUPPLY OF PRODUCT

5.1. Development Supply. Maruho shall be solely responsible, at its sole cost and expense, for the procurement and manufacture of [***] and the Product for Maruho's non-clinical and clinical Development.

5.2. Commercial Supply.

5.2.1. **Supply**. Maruho shall be solely responsible, at its sole cost and expense, for the commercial procurement and manufacture of [***] meeting the Specifications for Maruho's Commercialization of Product in the Territory.

5.2.2. **Regulatory Authority Inspections**. If any Regulatory Authority performs an audit or inspection of the facility used to produce or manufacture [***] or Products to be sold in the Territory, Maruho shall be solely responsible for coordinating such inspection or audit with the facility and producing such documents and information as may be requested or required by such Regulatory Authority.

6. PAYMENT TERMS

6.1. Payment Terms.

6.1.1. **Upfront Payment**. In partial consideration of the licenses and rights granted to Maruho hereunder, within ten (10) days following the Effective Date, Maruho shall pay to Journey a one-time upfront, non-refundable and non-creditable payment of nineteen million dollars (USD $19,000,000).

6.1.2. **Milestone Payments**. In further consideration of the licenses and rights granted to Maruho hereunder, Maruho shall pay to Journey its proportionate share (on the Net Sales (defined in the APA) basis) of all milestone payments payable by Journey to Dermira under the APA resulting from the Exploitation of Products in the Field in the Territory (including as set forth in Section 3.2(a) thereof), as further described in Schedule E. The milestone payments referenced in the immediately preceding sentence shall be paid by Maruho to Journey no later than ten (10) Business Days after achievement of the relevant milestone.

6.1.3. **Royalty Payments**.

(a) In further consideration of the licenses and rights granted to Maruho hereunder, Maruho shall pay to Journey its proportionate share (on the [***] basis) of all sales-based payments payable by Journey to Dermira under the APA resulting from the Exploitation of Products in the Field in the Territory (including as set forth in Section 3.2(b) of the APA), as further described in Schedule E, for the payment term described therein. The royalty payments referenced in the immediately preceding sentence shall be paid by Maruho to Journey no later than twenty-five (25) days after the end of each Calendar Quarter.

(b) [***]

(c) [***]

6.1.4. **Pharmacovigilance Reimbursement**. Maruho shall reimburse Journey on a pass-through basis for all reasonable out of pocket costs and expenses directly incurred by or on behalf of Journey after the Effective Date in connection with [***]. For clarity, such reimbursement shall include all reasonable out of pocket costs and expenses directly incurred in connection with [***]. For clarity, Maruho shall only reimburse on a pass-through basis for all reasonable out of pocket costs and expenses accompanied with fully supporting documentation such as invoice of the costs.

6.1.5. **Third Party Payments**. As between the Parties, Maruho shall be solely responsible for all amounts which Maruho directly owes to Third Parties resulting from the Exploitation of Products in the Field in the Territory by Maruho or any of its Affiliates or sublicensees.

6.1.6. **Invoices and Timing**. Except for (a) the payment due under Section 6.1.1 and (b) payments that reflect a pass-through of Journey's obligations to Dermira under the APA (including the milestone payments under Section 6.1.2 and the royalty payments under Section 6.1.3(a)), any amount due under this Agreement (that is not disputed in good faith) shall be paid within thirty (30) days following receipt of invoice, which shall include sufficient detail and description regarding the invoiced amount. If any portion of the invoiced amount is disputed, the Parties shall discuss in good faith to resolve the matter.

6.1.7. **Late Payments**. Any late payments shall bear interest, to the extent permitted by law, at one and one half percent (1.5%) per month (or, with respect to any payments that reflect a pass-through of Journey's obligations to Dermira under the APA, such higher interest rate referenced in Section 3.2(a) of the APA).

6.2. Payment Method.

6.2.1. Any payments under Article 6 that are initially calculated in currencies other than the US dollar shall be converted into US dollars at the average of the daily foreign exchange rates published in the online version of the Wall Street Journal (currently located www.wsj.com) for the Calendar Quarter for which such payments apply, or for periods less than a Calendar Quarter, the average of the daily rates published in the Wall Street Journal for such period.

6.2.2. All payments from Maruho to Journey shall be made by wire transfer in US Dollars to the credit of such bank account as may be designated by Journey in writing to Maruho.

Any payment which falls due on a date which is not a Business Day may be made on the next succeeding Business Day.

6.3. Taxes.

6.3.1. It is understood and agreed between the Parties that any amounts payable by Maruho to Journey hereunder are exclusive of any and all applicable sales, use, value-added tax, general sales tax, excise, property, and other taxes, levies, duties or fees in the Territory (collectively, "**Taxes**"). Maruho shall be responsible for billing and collection from its customers and remitting to the appropriate taxing authority any and all Taxes which it is required to collect or remit. Each Party will be responsible for its own income and property taxes.

6.3.2. If Maruho is required to make a payment to Journey subject to a deduction of tax or withholding tax (a "**Withholding Tax Requirement**") then the sum payable by Maruho (in respect of which such deduction or withholding is required to be made) shall be increased to the extent necessary to ensure that Journey receives a sum equal to the sum which it would have received had no such Withholding Tax Requirement been applicable, and the amount required to be deducted or withheld shall be remitted by Maruho in accordance with Applicable Law in the Territory. Any such withholding taxes required under Applicable Law in the Territory to be paid or withheld shall be an expense of, and borne solely by, Maruho.

6.3.3. The Parties agree to cooperate and produce on a timely basis any tax forms or reports, including an IRS Form W-8BEN, reasonably requested by the other Party in connection with any payment made by Maruho to Journey under this Agreement.

7. FINANCIAL RECORDS; AUDIT RIGHTS

7.1. Relevant Records.

7.1.1. **Relevant Records**. Maruho shall maintain accurate financial books and records pertaining to the sublicensing of the Licensed IP Rights pursuant to Sections 2.3, 2.4 and 2.5 and Maruho's sale of the Product, including any and all calculations of the applicable fees (collectively, "**Relevant Records**"). Maruho shall maintain the Relevant Records for the longer of: (a) three (3) years following expiration or termination of this Agreement or (b) the period of time required by Applicable Law.

7.1.2. **Audit Request**. Journey shall have the right during the Term and for twelve (12) months thereafter to engage, at its own expense, an independent auditor reasonably acceptable to Maruho to examine the Relevant Records from time-to-time, but no more frequently than once every twelve (12) months, as may be necessary to verify compliance with the terms of this Agreement. Such audit shall be requested in writing at least seven (7) days in advance, and shall be conducted during Maruho's normal business hours and otherwise in manner that minimizes any interference to Maruho's business operations.

7.1.3. **Audit Fees and Expenses**. Journey shall bear any and all fees and expenses it may incur in connection with any such audit of the Relevant Records; provided, however, in the event an audit reveals an underpayment of Maruho of more than [***]as to the period subject to the audit, Maruho shall reimburse Journey for any reasonable and

documented out-of-pocket costs and expenses of the audit within thirty (30) days after receiving invoices thereof.

7.1.4. **Payment of Deficiency**. If any audit establishes that Maruho underpaid any amounts due to Journey under this Agreement, then Maruho shall pay Journey any such deficiency within thirty (30) days after receipt of written notice thereof. For the avoidance of doubt, such payment will be considered a late payment, subject to Section 6.1.7.

8. INTELLECTUAL PROPERTY RIGHTS

8.1. **Pre-existing IP**. Each Party shall retain all rights, title and interests in and to any Intellectual Property Rights that are owned, licensed or sublicensed by such Party prior to the Effective Date.

8.2. **Developed IP**. Journey shall solely own all rights, title and interests in and to any Intellectual Property Rights that are both: (a) related to the Product, and (b) conceived, developed or reduced to practice by Maruho, its Affiliates or its sublicensees on or following the Effective Date (collectively, "**Developed IP**"). Maruho hereby assigns to Journey all right, title and interest in and to the Developed IP.

8.3. **Journey Product IP**. Journey shall retain all rights, title and interests in and to any Intellectual Property Rights that are conceived, developed or reduced to practice by Journey or its Affiliates after the Effective Date and are necessary to Develop or Commercialize Product (the "**Journey Product IP**"). Journey shall notify Maruho of the filing of any patent application in the Territory with respect to the manufacture of [***]or Products as soon as reasonably practicable.

8.4. **Journey Other IP**. Journey shall retain all rights, title and interests in and to any Intellectual Property Rights that are conceived, developed or reduced to practice by Journey or its Affiliates after the Effective Date and are not necessary to Develop or Commercialize Product (the "**Journey Other IP**"). For avoidance of doubt, licenses granted to Maruho under this Agreement exclude Journey Other IP.

8.5. **Maruho Other IP**. Maruho shall retain all rights, title and interests in and to any Intellectual Property Rights that are conceived, developed or reduced to practice by Maruho or its Affiliates after the Effective Date and are not Developed IP (the "**Maruho Other IP**"). Subject to the terms of this Agreement, including Sections 2.5.2, 8.2 and 8.6, Maruho shall notify Journey of the filing of any patent application in the Territory with respect to the manufacture of [***]or Products as soon as reasonably practicable. For avoidance of doubt, the rights assigned to Journey under this Agreement exclude Maruho Other IP.

8.6. **Patents**.

8.6.1. **Patent Prosecution, Maintenance and Enforcement**. Journey shall have the sole right and responsibility for filing, prosecuting (including in connection with any reexaminations, oppositions and the like), maintaining and enforcing the Patent Rights in the Territory in Journey's name and at Journey's own cost and expense. Upon Maruho's request, Journey shall use Commercially Reasonable Efforts to obtain up to five (5) years of patent term extension for the Patent Rights in the Territory.

8.6.2. **Assistance**. Maruho will provide reasonable assistance to Journey, at Journey's expense, in connection with the filing, prosecution and maintenance of the Patent

Rights in the Territory, where such assistance shall include providing access to relevant persons and executing all documentation reasonably requested by Journey. As reasonably requested by Journey in writing reasonably in advance, Maruho shall cooperate in obtaining patent term restoration, supplementary protection certificates or their equivalents, and patent term extensions with respect to the Patent Rights in the Territory.

8.7. **Product Trademarks**. Journey shall notify Maruho of the filing of any trademark application for the Product as soon as reasonably practicable. Upon Journey's request, Maruho shall evaluate in good faith the use of a Journey Trademark for the Product in the Territory. If Maruho uses a Journey Trademark for the Product, Journey shall grant to Maruho an exclusive, sublicensable right to use such Journey Trademark for the Development and Commercialization of the Product in the Field and Territory without any additional consideration and Journey shall prosecute and maintain such Journey Trademark in the Territory at Maruho's cost. If Maruho elects not to use a Journey Trademark, it may choose another trademark(s) and shall solely own such Product Trademark(s).

9. CONFIDENTIALITY

9.1. **Definition**. "**Confidential Information**" means the terms and provisions of this Agreement, inventions, processes, materials, chemicals, know-how and ideas, and other business, commercial, technical and financial information, that the disclosing Party or any of its Affiliates has supplied or otherwise made available to the other Party or its Affiliates. As between the Parties, all Know-How and Manufacturing Know-How shall be considered Journey's Confidential Information.

9.2. **Obligations**. The receiving Party will protect all Confidential Information against unauthorized disclosure to Third Parties with the same degree of care as the receiving Party uses for its own similar information, but in no event less than a reasonable degree of care for a pharmaceutical company in a major market country. The receiving Party may disclose the Confidential Information to its Affiliates, and their respective directors, officers, employees, subcontractors (including any Third Party that has contracted with such subcontractors), sublicensees, consultants, attorneys, and accountants, banks and investors (collectively, "**Recipients**"), in each case, who have a need-to-know such information for purposes related to this Agreement, provided that the receiving Party shall hold such Recipients to written obligations of confidentiality with terms and conditions at least as restrictive as those set forth in this Agreement.

9.3. **Exceptions**.

9.3.1. The obligations under this Article 9 shall not apply to any information to the extent the receiving Party can demonstrate by competent evidence that such information:

(a) is (at the time of disclosure) or becomes (after the time of disclosure) known to the public or part of the public domain through no breach of this Agreement by the receiving Party or any Recipients to whom it disclosed such information;

(b) was known to, or was otherwise in the possession of, the receiving Party prior to the time of disclosure by the disclosing Party;

(c) is disclosed to the receiving Party on a non-confidential basis by a Third Party who is entitled to disclose it without breaching any confidentiality obligation to the disclosing Party; or

(d) is independently developed by or on behalf of the receiving Party or any of its Affiliates, as evidenced by its written records, without use of the Confidential Information.

9.3.2. The restrictions set forth in this Article 9 shall not apply to any Confidential Information that the receiving Party is required to disclose under Applicable Laws or a court order or other governmental order, provided that the receiving Party: (a) provides the disclosing Party with prompt notice of such disclosure requirement if legally permitted, (b) affords the disclosing Party an opportunity to oppose or limit, or secure confidential treatment for such required disclosure and (c) if the disclosing Party is unsuccessful in its efforts pursuant to clause (b), discloses only that portion of the Confidential Information that the receiving Party is legally required to disclose as advised by the receiving Party's legal counsel. If and whenever any Confidential Information of the disclosing Party is disclosed in accordance with this Section 9.3.2, such disclosure shall not cause any such information to cease to be Confidential Information, except to the extent that such disclosure results in a public disclosure of such information (otherwise than by breach of this Agreement).

9.3.3. In the event that Journey wishes to assign, pledge or otherwise transfer its rights to receive some or all of the milestone payments or royalties payable hereunder, Journey may disclose Confidential Information of Maruho to a Third Party in connection with any such proposed assignment, provided that Journey shall provide notice to Maruho and shall hold such Third Parties to written obligations of confidentiality with terms and conditions at least as restrictive as those set forth in this Agreement.

9.4. Right to Injunctive Relief. The Parties agree that breaches of this Article 9 may cause irreparable harm to the non-breaching Party and shall entitle the non-breaching Party, in addition to any other remedies available to it (subject to the terms of this Agreement), the right to seek injunctive relief enjoining such action.

9.5. Ongoing Obligation for Confidentiality. Upon expiration or termination of this Agreement, the receiving Party shall, and shall cause its Recipients to, destroy or return (as requested by the disclosing Party) any Confidential Information of the disclosing Party. Notwithstanding the foregoing, (i) each Party may keep a copy of Confidential Information to the extent such retention is required to comply with Applicable Law, provided such Confidential Information is not used for any purpose other than compliance with such Applicable Law, and (ii) each Party's counsel may retain a copy of any Confidential Information solely for the purpose of establishing compliance with the terms of this Agreement in the event of a dispute regarding the same.

10. REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1. Representations and Warranties by Each Party. Each Party represents and warrants to the other Party as of the Effective Date and during the Term that:

10.1.1. it is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation;

10.1.2. it has full corporate power and authority to execute, deliver, and perform this Agreement, and has taken all corporate action required by Applicable Law and its organizational documents to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement;

10.1.3. this Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms;

10.1.4. all consents, approvals and authorizations from all governmental authorities or other Third Parties required to be obtained by such Party in connection with this Agreement have been obtained; and

10.1.5. the execution and delivery of this Agreement and all other instruments and documents required to be executed pursuant to this Agreement, and the consummation of the transactions contemplated hereby do not and shall not: (a) conflict with or result in a breach of any provision of its organizational documents, (b) result in a breach of any agreement to which it is a party that would impair the performance of its obligations hereunder; or (c) violate any Applicable Law.

10.2. Representations and Warranties by Journey. Journey represents and warrants that:

10.2.1. to Journey's Knowledge as of the Effective Date (a) there is no claim pending alleging that the Exploitation of the Product in the Field within the Territory infringes, misappropriates or otherwise violates the Intellectual Property Rights of a Third Party, and (b) there is no claim pending or threatened by Journey alleging that a Third Party is or was infringing, misappropriating or otherwise violating the Licensed IP Rights in the Field within the Territory. As used herein, "**Knowledge**" means with respect to a matter, (i) the actual knowledge of such matter; (ii) the knowledge of such matter that would have been obtained by Journey or any of its employee or officers after due inquiry as would cause a reasonably prudent person to make due inquiry in respect of such matter and such reasonably prudent person would, after such due inquiry, gain such knowledge; (iii) knowledge that a person in the position of such person should have in the careful exercise of their responsibility;

10.2.2. as of the Effective Date, the [***]has been executed and delivered by [***] and remains in full force and effect;

10.2.3. to Journey's Knowledge as of the Effective Date, there is no claim pending or threatened by Journey alleging that a Third Party is or was infringing, misappropriating or otherwise violating the Manufacturing Know-How in the Field within the Territory;

10.2.4. to Journey's Knowledge, as of the Effective Date, the Licensed IP Rights includes all the right, title, interests, information and data that is required for Maruho to manufacture the [***]or Products for sale in the Field within the Territory; and,

10.2.5. Journey shall comply with the terms of this Agreement and all Applicable Law with respect to the performance of its obligations hereunder.

10.3. Representations and Warranties by Maruho. Maruho represents and warrants to Journey that:

10.3.1. all Products Commercialized by, or under authority of, Maruho shall be: (a) packaged, labeled, handled, stored and shipped by Maruho, in accordance with, and shall conform to, the applicable Specifications, and (b) packaged, labeled, handled, stored and shipped by Maruho in compliance with all Applicable Laws including, the Good Manufacturing Practices applicable to Products offered for sale in the Territory; and

10.3.2. it shall comply with the terms of this Agreement and all Applicable Law with respect to the performance of its obligations hereunder.

10.4. No Other Warranties. EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 10, NEITHER PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO WARRANTIES OF TITLE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ANY INFORMATION PROVIDED BY JOURNEY OR ITS AFFILIATES IS MADE AVAILABLE ON AN "AS IS" BASIS WITHOUT WARRANTY WITH RESPECT TO COMPLETENESS, COMPLIANCE WITH REGULATORY STANDARDS OR REGULATIONS OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND OF WARRANTY WHETHER EXPRESS OR IMPLIED.

11. INDEMNIFICATION

11.1. Indemnification by Journey. Journey shall defend, indemnify and hold harmless Maruho and its Affiliates, and their respective officers, directors, employees, contractors, agents and assigns, from and against any Losses and Claims arising or resulting from: (a) infringement of a Third Party's Intellectual Property Rights by the Exploitation of the Product in the Field and in the Territory to the extent the Losses and Claims solely arise from the manufacture of [***] or Product in accordance with the specifications and manufacturing processes transferred to Maruho and/or the Shared Manufacturer by or on behalf of Journey prior to the Effective Date, as described in the Second A&R Japan License Agreement, to the extent such Losses and Claims are not the result Maruho's negligence, recklessness, or wrongful intentional acts or omissions or (b) breach by Journey of any representation, warranty or covenant as set forth in this Agreement. For avoidance of doubt, the foregoing indemnification does not include Losses and Claims that arise (i) as a result of a changes made by or on behalf of Maruho to the manufacturing processes, in process tests, in-process specifications or specifications defined in Exhibit A of the Development Supply Agreement (as defined in the Second A&R Japan License Agreement), in each case, as used in the manufacture of [***] or Product or (ii) as a result of an allegation or finding of trademark infringement of a Third Party trademark by a Product Trademark or Maruho's use of a Journey Trademark in the Territory.

11.2. Indemnification by Maruho. Maruho shall defend, indemnify and hold harmless Journey and its Affiliates (and if applicable, [***] and/or [***] in accordance with Section 2.4.4), and their respective officers, directors, employees, contractors, agents and assigns, from and against any Losses and Claims arising or resulting from: (a) the Development of a Product by Maruho, its Affiliates, subcontractors or sublicensees to the extent that such Losses and Claims are not the result Journey's negligence, recklessness, or wrongful intentional acts or omissions, (b) the Commercialization of a Product by Maruho, its Affiliates, subcontractors or sublicensees, (c) the negligence, recklessness or wrongful intentional acts or omissions of Maruho, its Affiliates, subcontractors or sublicensees with respect to the performance of Maruho's obligations under this Agreement, (d) breach by Maruho of any representation, warranty or covenant as set forth in this Agreement, or (e) the manufacture of [***] or Products.

11.3. **Indemnification Procedure**. Subject to Section 2.4.4 (if applicable), in connection with any Losses and Claims for which a Party (the "**Indemnitee**") seeks indemnification from the other Party (the "**Indemnitor**") pursuant to this Agreement, the Indemnitee shall: (a) give to Indemnitor prompt written notice of the Losses and Claims; provided, however, that failure to provide such notice shall not relieve the Indemnitor of its liability or obligation hereunder, except to the extent of any material prejudice as a direct result of such failure; (b) cooperate with the Indemnitor, at the Indemnitor's expense, in connection with the defense and settlement of the Losses and Claims; and (c) permit the Indemnitor to control the defense and settlement of the Losses and Claims; provided, however, that in the event such settlement materially adversely impacts the Indemnitee's rights or obligations, the Indemnitor may not settle the Losses and Claims without the Indemnitee's prior written consent, which shall not be unreasonably withheld or delayed. Further, the Indemnitee shall have the right to participate (but not control) and be represented in any suit or action by advisory legal counsel of its selection and at its own expense.

12. LIMITATION OF LIABILITY

12.1. **Consequential Damages Waiver**. EXCEPT FOR A BREACH OF ARTICLE 9 OR OBLIGATIONS ARISING UNDER ARTICLE 11, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING DAMAGES FOR LOST PROFITS OR LOST REVENUES REGARDLESS OF WHETHER IT HAS BEEN INFORMED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR THE TYPE OF CLAIM, CONTRACT OR TORT (INCLUDING NEGLIGENCE).

13. TERM; TERMINATION

13.1. **Term**. The term of this Agreement shall commence as of the Effective Date subject to the successful execution of the Second A&R Japan License Agreement by and between Journey and Maruho and shall expire upon the date of expiration of all payment obligations under this Agreement.

13.2. **Termination for Cause**. Each Party shall have the right, without prejudice to any other remedies available to it at law or in equity, to terminate this Agreement in the event the other Party breaches any of its material obligations hereunder and fails to cure such breach within thirty (30) days of receiving notice thereof; provided, however, if such breach is capable of being cured, but cannot be cured within such thirty (30) day period, and the breaching Party initiates actions to cure such breach within such period and thereafter diligently pursues such actions, the breaching Party shall have such additional period as is reasonable to cure such breach, but in no event will such additional period exceed sixty (60) days. Any termination by a Party under this Section 13.2 shall be without prejudice to any damages or other legal or equitable remedies to which it may be entitled from the other Party. For the avoidance of doubt, Maruho's failure to use Commercially Reasonable Efforts to Develop and Commercialize the Product shall constitute a material breach by Maruho under this Agreement. Additionally, the Parties acknowledge and agree that a Party's breach of its material obligations under the Second A&R Japan License Agreement shall constitute a breach hereunder and shall give the other Party the right to terminate this Agreement for cause in accordance with the terms of this Section 13.2, *mutatis mutandis*.

13.3. **Termination for a Bankruptcy Event**. Each Party shall have the right to terminate this Agreement in the event of a Bankruptcy Event with respect to the other Party. "**Bankruptcy Event**" means the occurrence of any of the following: (a) the institution of any bankruptcy,

receivership, insolvency, reorganization or other similar proceedings by or against a Party under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the United States Bankruptcy Code, as amended or under any similar laws or statutes of the United States or any state thereof (the "**Bankruptcy Code**"), where in the case of involuntary proceedings such proceedings have not been dismissed or discharged within ninety (90) days after they are instituted, (b) the insolvency or making of an assignment for the benefit of creditors or the admittance by a Party of any involuntary debts as they mature, (c) the institution of any reorganization, arrangement or other readjustment of debt plan of a Party not involving the Bankruptcy Code, (d) appointment of a receiver for all or substantially all of a Party's assets, or (e) any corporate action taken by the board of directors of a Party in furtherance of any of the foregoing actions.

13.4. Maruho Termination. Maruho shall have the right to terminate this Agreement on Region-by-Region basis upon thirty (30) days written notice to Journey upon the occurrence of: (a) the labeling for the Product obtained or expected to be obtained in the applicable Region will not allow for an economically-viable Commercialization of the Product, or (b) the Development or the Commercialization of the Product could not be continued due to a safety, efficacy or any other issue related to [***] or the Product.

13.5. Termination for Challenge to Licensed IP Rights. Journey shall have the right to immediately terminate this Agreement at any time after the Effective Date in the event Maruho or any of its Affiliates or its or their sublicensees contests or challenges, or supports or assists any Third Party to contest or challenge, in any patent office, court, regulatory agency or other forum, Journey's ownership of or rights in, or the validity, enforceability or scope of, any of the Licensed IP Rights. Additionally, the Parties acknowledge and agree that any such challenge to Journey's ownership of or rights in, or the validity, enforceability or scope of, any of the Licensed IP Rights brought by Maruho, its Affiliates or its or their sublicensees under the Second A&R Japan License Agreement shall give Journey the right to terminate this Agreement in accordance with the terms of this Section 13.5, *mutatis mutandis*.

13.6. Effect of Termination or Expiration.

13.6.1. Upon termination or expiration of this Agreement, Maruho shall pay to Journey all amounts due to Journey as of the effective date of termination or expiration within thirty (30) days following the effective date of termination or expiration.

13.6.2. Upon expiration (but not termination) of this Agreement, Journey hereby grants to Maruho a sublicensable, royalty-free, fully paid up, irrevocable and perpetual right and license to use a Journey Trademark used by Maruho and the Licensed IP Rights for the purpose of the Exploitation of the Product in the Field within the Territory.

13.6.3. Upon termination of this Agreement, Maruho shall have the right to sell its remaining inventory of Product following the termination of this Agreement so long as Maruho has fully paid, and continues to fully pay when due, any and all royalties owed to Journey, and Maruho otherwise is not in material breach of this Agreement.

13.6.4. Upon termination of this Agreement, all licenses granted by Journey to Maruho (except as otherwise set forth in Section 2.1 with respect to the Know-How Perpetual License) shall terminate. For avoidance of doubt, termination of the licenses granted by Journey to Maruho shall terminate all sublicenses granted by Maruho hereunder related thereto.

13.6.5. Subject to Section 17.7, upon termination of this Agreement:

(a) Maruho shall: (i) at no costs to Journey, transfer to Journey all data, Regulatory Filings and Regulatory Approvals held by Maruho with respect to the Product, (ii) to the extent clause (i) is not permitted by the applicable Regulatory Authority, at no costs to Journey, permit Journey to cross- reference and rely upon any Regulatory Approvals and Regulatory Filings filed by Maruho with respect to the Product, and (iii) except as set forth in Section 13.6.3 cease the further manufacture, Development or Commercialization of Product in the Territory provided that if Maruho terminated this Agreement in accordance with Section 13.2 or Section 13.3 Journey shall pay reasonable consideration to Maruho for the transfer and cross reference. Notwithstanding the foregoing to contrary, in the case of a Bankruptcy Event of Journey, the provisions of this Section 13.6.5(a) shall not apply unless Maruho has elected to terminate this Agreement pursuant to Section 13.3.

(b) Except in the case of termination by Maruho under Section 13.2 or Section 13.3, Maruho hereby grants to Journey a royalty-free, fully paid up, worldwide, transferable, sublicensable, perpetual and irrevocable license to use the Product Trademarks for the purpose of manufacturing, marketing, distributing, selling or otherwise Exploiting the Product.

13.7. **Survival**. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing hereunder prior to such expiration or termination. Without limiting the foregoing, the provisions of Sections 2.1 (solely with respect to the Know-How Perpetual License, as applicable), 2.1.1, 2.4.2, 2.4.4, 2.4.5, 2.4.6, 4.4, 4.5, 4.6, 8.1, 8.2, 8.3 (first sentence only), 8.4, 8.5, 8.6.2, 10.4, 13.6, 13.7, and 15.1 and Articles 6, 7, 9, 11, 12, 16 and 17 shall survive expiration or termination of this Agreement.

14. PRESS RELEASES

The Parties agree that the public announcement of the execution of this Agreement shall be substantially in the form of the press release attached as Schedule C. Such press releases shall be issued within three (3) Business Days after the Effective Date. Except as required by Applicable Laws (including disclosure requirements of the SEC or any stock exchange on which securities issued by a Party are traded), neither Party shall make any other public announcement concerning this Agreement or the subject matter hereof without the prior written consent of the other, which shall not be unreasonably withheld or delayed; provided that each Party may make any public statement in response to questions by the press, analysts, investors or those attending industry conferences or financial analyst calls, or issue press releases, so long as any such public statement or press release is not inconsistent with prior public disclosures or public statements approved by the other Party pursuant to this Article 14. In the event of such a required public announcement, to the extent practicable under the circumstances, the Party making such announcement shall provide the other Party with a copy of the proposed text of such announcement at least three (3) Business Days prior to the scheduled release to afford such other Party a reasonable opportunity to review and comment upon the proposed text.

15. MARUHO INSURANCE

15.1. **Insurance Requirements**. Maruho will maintain during the Term and until the later of: (a) three (3) years after termination or expiration of this Agreement, or (b) the date that all statutes of limitation covering claims or suits that may be instituted for personal injury based on the sale or use of the Product have expired, product liability insurance with coverage limits of not less than [***] per occurrence and [***] in the aggregate and clinical trial insurance

which reasonably covers the liabilities arising from each clinical trials. Maruho has the right to provide the total limits required by any combination of primary and umbrella/excess coverage. The minimum level of insurance set forth herein shall not be construed to create a limit on Maruho's liability hereunder.

15.2. **Policy Notification**. Upon Journey's request, Maruho shall provide Journey with certified copies of such policies or original certificates of insurance evidencing such insurance.

16. DISPUTE RESOLUTION

16.1. **General**. The following procedures shall be used to resolve any dispute arising out of or in connection with this Agreement except for disputes for which injunctive or other equitable relief is sought to prevent the unauthorized use or disclosure of proprietary materials or information or prevent the infringement or misappropriation of a Party's Intellectual Property Rights. Any dispute that is not otherwise resolved by the Parties as provided by Section 3.3 shall skip the procedure in Section 16.2 and go directly to Section 16.3.

16.2. **Meeting**. Promptly after the written request of either Party, each of the Parties shall appoint a designated representative to meet in person or by telephone to attempt in good faith to resolve any dispute. If the designated representatives do not resolve the dispute within sixty (60) Business Days of such request, then an executive officer of each Party shall meet in person or by telephone to review and attempt to resolve the dispute in good faith. The executive officers shall have sixty (60) Business Days to attempt to resolve the dispute.

16.3. **Arbitration**. Any disputes that are not otherwise resolved by the Parties shall be submitted to binding arbitration with the International Centre for Dispute Resolution ("**ICDR**") in San Francisco, California, U.S.A. in accordance with the then-prevailing commercial arbitration rules of the ICDR. The language of the arbitration shall be English.

16.3.1. There shall be three (3) arbitrators, one selected by the initiating Party in the request for arbitration, the second selected by the other Party within twenty (20) days of the request for arbitration, and the third (who shall act as chairperson of the arbitration tribunal) selected by the two (2) Party-appointed arbitrators within twenty (20) days of the selection of the second arbitrator. In the event that the respondent fails to select an arbitrator, or if the two Party-appointed arbitrators are unable or fail to agree upon the third arbitrator, the ICDR shall designate the remaining arbitrator(s) required to comprise the tribunal.

16.3.2. Each arbitrator chosen shall speak, read, and write English fluently and shall be either (a) a practicing lawyer who has specialized in business litigation with at least ten (10) years of experience, or (b) a retired judge of a court of general jurisdiction.

16.3.3. The arbitrators shall issue an award within nine (9) months of the submission of the request for arbitration. This time limit may be extended by agreement of the Parties or by the tribunal if necessary. It is expressly understood and agreed by the Parties that the rulings and award of the tribunal shall be conclusive on the Parties, their successors and permitted assigns. Judgment on the award rendered by the tribunal may be entered in any court having jurisdiction thereof.

16.3.4. The cost of the arbitration, including the fees and expenses of the arbitrator, will be shared equally by the Parties. The prevailing Party shall be entitled to recover from

the losing Party the prevailing Party's attorneys' fees and costs. The arbitrator shall have the right to apportion liability between the Parties, but will not have the authority to award any damages or remedies not available under the express terms of this Agreement.

17. GENERAL PROVISIONS

17.1. **Assignment**. Neither Party may assign its rights and obligations under this Agreement without the other Party's prior written consent, except that: (a) Journey may assign to a Third Party its rights to receive some or all of the fees payable hereunder, (b) each Party may assign its rights and obligations under this Agreement or any part hereof to one or more of its Affiliates without the consent of the other Party; and (c) either Party may assign this Agreement in its entirety to a successor to all or substantially all of its business to which this Agreement relates. The assigning Party shall provide the other Party with prompt written notice of any such assignment. Any permitted assignee pursuant to clauses (b) and (c) above shall assume all obligations of its assignor under this Agreement, and no permitted assignment shall relieve the assignor of liability for its obligations hereunder. Any attempted assignment in contravention of the foregoing shall be void.

17.2. **Severability**. Should one or more of the provisions of this Agreement become void or unenforceable as a matter of law, then such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement, and the Parties agree to substitute a valid and enforceable provision therefor which, as nearly as possible, achieves the desired economic effect and mutual understanding of the Parties under this Agreement.

17.3. **Governing Law; Exclusive Jurisdiction**.

17.3.1. This Agreement shall be governed by and construed under the laws in effect in the State of California, U.S.A., without giving effect to any conflicts of laws provision thereof or of any other jurisdiction that would produce a contrary result, except that issues subject to the arbitration clause and any arbitration hereunder shall be governed by the applicable commercial arbitration rules and regulations.

17.3.2. The courts located in San Mateo County, California, U.S.A. shall have exclusive jurisdiction over any action brought to enforce this Agreement, and each of the Parties hereto irrevocably: (a) submits to such exclusive jurisdiction for such purpose; (b) waives any objection which it may have at any time to the laying of venue of any proceedings brought in such courts; (c) waives any claim that such proceedings have been brought in an inconvenient forum, and (d) further waives the right to object with respect to such proceedings that any such court does not have jurisdiction over such Party. Notwithstanding the foregoing, application may be made to any court of competent jurisdiction with respect to the enforcement of any judgment or award.

17.4. **Force Majeure**. Except with respect to delays or nonperformance caused by the negligent or intentional act or omission of a Party, any delay or nonperformance by such Party (other than payment obligations under this Agreement) will not be considered a breach of this Agreement to the extent such delay or nonperformance is caused by acts of God, natural disasters, acts of the government or civil or military authority, fire, floods, epidemics, quarantine, energy crises, war or riots or other similar cause outside of the reasonable control of such Party (each, a "**Force Majeure Event**"), provided that the Party affected by such Force Majeure Event will promptly begin or resume performance as soon as

reasonably practicable after the event has abated. If the Force Majeure Event prevents a Party from performing any of its obligations under this Agreement for one hundred eighty (180) days or more, then the other Party may terminate this Agreement immediately upon written notice to the non-performing Party.

17.5. **Translation**. Maruho has no obligation to translate the documents related to the Agreement unless the obligation of translation is clearly stated in this Agreement.

17.6. **Obligation**. Each Party shall bear the cost for performing its own obligations herein including but not limited to the labor cost of its own employees unless otherwise explicitly set forth in this Agreement.

17.7. **Waivers and Amendments**. The failure of any Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. No waiver shall be effective unless it has been given in writing and signed by the Party giving such waiver. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each Party.

17.8. **Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Journey and Maruho, or to constitute one Party as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other Party.

17.9. **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

17.10. **Notices**. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when: (a) delivered by hand (with written confirmation of receipt), by an internationally recognized overnight delivery service (receipt requested), or (b) when received by the addressee, if sent by an internationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses set forth below (or to such other addresses as a Party may designate by written notice):

If to Journey:	Journey, Inc. 9237 East Via De Ventura, Suite 105 Scottsdale, AZ 85258, U.S.A. Attention: Chief Executive Officer
If to Maruho:	Maruho Co., Ltd. 1-5-22, Nakatsu Kita-ku, Osaka, 531-0071, Japan Attention: Global Business Development Department

17.11. **Further Assurances**. Maruho and Journey hereby covenant and agree without the necessity of any further consideration, to execute, acknowledge and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate to carry out the intent and purposes of this Agreement.

17.12. No Third Party Beneficiary Rights. **S**ubject to Section 2.4 (and only to the extent it is applicable), this Agreement is not intended to and shall not be construed to give any Third Party any interest or rights (including, without limitation, any third party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby.

17.13. Entire Agreement. This Agreement, together with its Schedules, sets forth the entire agreement and understanding of the Parties as to the subject matter hereof and supersedes all proposals, oral or written, and all other prior communications between the Parties with respect to such subject matter. In the event of any conflict between a material provision of this Agreement and any Schedule hereto, the Agreement shall control.

17.14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17.15. Cumulative Remedies. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

17.16. Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, any rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

17.17. Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by one Party to the other Party are, and otherwise will be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, licenses of right to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The Parties agree that a Party that is a licensee of such rights under this Agreement will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party (the "Bankrupt Party") to this Agreement under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, the other Party (the "Non-Bankrupt Party") will be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and same, if not already in its possession, will be promptly delivered to it (a) upon any such commencement of a bankruptcy or insolvency proceeding upon its written request therefor, unless the Bankrupt Party elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under (a) above, following the rejection of this Agreement by or on behalf of the Bankrupt Party upon written request therefor by the Non-Bankrupt Party. Without limiting the generality of the foregoing,

17.17.1. subject to the Non-Bankrupt Party's rights of election under Section 365(n) of the U.S. Bankruptcy Code, all licenses granted to the Non-Bankrupt Party under this Agreement will continue subject to the respective terms and conditions hereof and thereof, and will not be affected, even by the Bankrupt Party's rejection of this Agreement;

17.17.2. the Bankrupt Party shall not unreasonably interfere with the Non-Bankrupt Party's rights to intellectual property and all embodiments of intellectual property, and shall

assist and not unreasonably interfere with the Non-Bankrupt Party in obtaining intellectual property and all embodiments of intellectual property from another entity;

17.17.3. the automatic stay under Section 362 of the U.S. Bankruptcy Code shall not apply to any instructions from the Non-Bankrupt Party to the Bankrupt Party relating to obtaining a duplicate of, or access to, the intellectual property pursuant to Section 17.17 of this Agreement; and

17.17.4. the "embodiments" of intellectual property includes all tangible, intangible, electronic or other embodiments of rights and licenses hereunder, including all embodying intellectual property, Regulatory Filings and related rights, Know-How and Manufacturing Know-How.

[**Signatures on next page**]

IN WITNESS WHEREOF, the Parties intending to be bound have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

MARUHO CO., LTD.		**JOURNEY MEDICAL CORPORATION**	
By:	/s/ Atsushi Sugita	By:	/s/ Claude Maraoui
Name:	Atsushi Sugita	Name:	Claude Maraoui
Title:	President and Chief Executive Officer	Title:	Chief Executive Officer

Exhibit 10.2

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE OF INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

SECOND AMENDED AND RESTATED EXCLUSIVE LICENSE AGREEMENT

THIS SECOND AMENDED AND RESTATED EXCLUSIVE LICENSE AGREEMENT ("**Agreement**") is made effective as of the 31st day of August, 2023 (the "**Effective Date**"), by and between Maruho Co., Ltd., a corporation organized and existing under the laws of Japan with offices at 1-5-22, Nakatsu, Kitaku, Osaka, 531-0071, Japan ("**Maruho**") and Journey Medical Corporation, a corporation organized and existing under the laws of Delaware with offices at 9237 East Via De Ventura, Suite 105, Scottsdale, AZ 85258, U.S.A. ("**Journey**"). Maruho and Journey may, from time-to-time, be individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

RECITALS

WHEREAS, Maruho entered into that certain Exclusive License Agreement effective as of September 19, 2016 (the "**Original Effective Date**") with Dermira, Inc., a Delaware corporation ("**Dermira**") pursuant to which Dermira granted to Maruho certain licenses under the Licensed IP Rights (hereinafter defined) covering [***]on the terms and conditions set forth therein (the "**Original Agreement**");

WHEREAS, Maruho and Dermira entered into that certain Amended and Restated Exclusive License Agreement effective as of July 29, 2020 (the "**First Restatement Date**") pursuant to which the Maruho and Dermira amended and restated the Original Agreement (the "**First A&R Agreement**");

WHEREAS, Journey and Dermira entered into that certain Asset Purchase Agreement effective as of March 31, 2021 (such agreement, the "**APA**"; such date, the "**APA Effective Date**"), pursuant to which Dermira assigned to Journey the Licensed IP Rights and the First A&R Agreement; and

WHEREAS, the Parties desire to further amend and restate the First A&R Agreement as set forth in more detail below.

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties, intending to be legally bound hereby, agree to the foregoing and as follows:

1. DEFINITIONS

1.1. **"Adverse Drug Experience**" means any serious, non-serious or unexpected adverse event associated with the use of a drug in humans, whether or not considered drug-related, that may come to the attention of either of the Parties or their respective Affiliates or Third Party subcontractors with regard to the Product including but not limited to those that are of such a nature and magnitude that they are required under Applicable Law to be reported to the FDA or the Regulatory Authority.

1.2. "**Affiliate**" means, with respect to a Party, any Person that controls, is controlled by, or is under common control with that Party. For the purpose of this definition, "**control**" shall refer to: (a) the possession, directly or indirectly, of the power to direct the management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise, or (b) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting securities of such entity.

1.3. "**Applicable Laws**" means all applicable laws, statutes, rules, regulations and guidelines of any jurisdiction, including, without limitation, all good clinical practices, all good laboratory practices, all good manufacturing practices and all applicable standards or guidelines promulgated by the appropriate regulatory agency such as the FDA or the Regulatory Authority.

1.4. "**ASEAN License Agreement**" means that certain Exclusive License Agreement entered into by Maruho and Journey effective as of the date hereof.

1.5. "**Bankrupt Party**" has the meaning as set forth in Section 17.17.

1.6. "**Bankruptcy Event**" has the meaning as set forth in Section 13.3.

1.7. "**Bankruptcy Code**" has the meaning as set forth in Section 13.3.

1.8. "**Business Day**" means any day other than a Saturday, a Sunday or a day on which commercial banks located in San Francisco, California, or Osaka, Japan are authorized or required by law to remain closed.

1.9. "**Calendar Quarter**" means each three (3) month period commencing on January 1st, April 1st, July 1st and October 1st.

1.10. "**Calendar Year**" means the twelve (12) month period commencing on each January 1st.

1.11. "**CEOs**" has the meaning as set forth in Section 3.3.

1.12. "**Commercialize**" or "**Commercialization**" means to manufacture for sale, market, promote, distribute, and sell.

1.13. "**Commercially Reasonable Efforts**" means the carrying out of Development or Commercialization activities with respect to the Product in a sustained manner using good faith and diligent efforts, using the efforts that a company within the pharmaceutical industry of a similar size to Maruho would reasonably devote to a product.

1.14. "**Confidential Information**" has the meaning as set forth in Section 9.1.

1.15. "**Control**" or "**Controlled**" means, with respect to any Intellectual Property Rights, the legal authority or right (whether by ownership, license or otherwise) of a Party to grant a license or a sublicense of or under such Intellectual Property Rights to the other Party without breaching the terms of any agreement with a Third Party.

1.16. "**Dermira FTE Rate**" means, as of the First Restatement Date, USD $[***] per annum for the time of an employee for a full-time equivalent person year (consisting of a total of [***] hours per annum) of work ($[***]per day), to be pro-rated on a daily basis provided that if less than eight (8) hours are worked in a day, then the Dermira FTE Rate shall be pro-rated on an hourly basis. The Dermira FTE Rate shall be increased or decreased each year on the anniversary of the Original Effective Date by a percentage equal to the increase or decrease of the Consumer Price Index for All Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics.

1.17. "**Designee**" has the meaning as set forth in Section 3.3.

1.18. "**Develop**" or "**Development**" means to conduct any and all research and development activities necessary to obtain Regulatory Approval to commercialize a drug candidate.

1.19. "**Developed IP**" has the meaning as set forth in Section 8.2.

1.20. "**Development Plan**" means a development plan written in English for the Development of the Product in the Territory and includes without limitation (a) all non-clinical and clinical studies to be conducted for Regulatory Approval of the Product in the Territory, (b) regulatory requirements for the Product in the Territory, and (c) Journey's support and assistance for the Development of the Product in the Territory (as Journey has agreed in writing or approved by the Steering Committee).

1.21. "**Development Supply Agreement**" has the meaning as set forth in Section 5.1.1.

1.22. "**Exploit**" or "**Exploitation**" means to develop, register, make, have made, manufacture, have manufactured, use, sell, offer for sale, distribute, export and import.

1.23. "**FDA**" means the Food and Drug Administration of the United States, or the successor thereto.

1.24. "**Field**" means the topical treatment or prevention of axillary hyperhidrosis in human patients for prescription and/or over-the-counter.

1.25. "**First Commercial Sale**" means the first sale for use or consumption by the general public of the Product in the Territory following receipt of Regulatory Approval for such Product in the Territory.

1.26. "**Force Majeure Event**" has the meaning as set forth in Section 17.4.

1.27. "**GAAP**" means Japanese generally accepted accounting principles.

1.28. "**Generic Competitor**" means a pharmaceutical product with the same active ingredient, therapeutic dosage, dosing schedule, safety profile, and administration route as the Product, and which has been approved by the Regulatory Authority in the Territory with the Product as the reference product.

1.29. "**Good Manufacturing Practices**" means all applicable current Good Manufacturing Practices including, as applicable, (a) the principles detailed in the U.S. Current Good Manufacturing Practices, 21 C.F.R. Parts 4, 210, 211, 601, 610 and 820, (b) European Directive 2003/94/EC and Eudralex 4, (c) the principles detailed in the WHO TRS 986 Annex 2, TRS 961 Annex 6 and TRS 957 Annex 2, (d) ICH Q7 guidelines, and (e) the equivalent Applicable Laws in any relevant country, each as may be amended and applicable from time to time.

1.30. "**ICDR**" has the meaning as set forth in Section 16.3.

1.31. "**Improvements**" has the meaning as set forth in Section 2.5.2.

1.32. "**IND**" means an investigational new drug application filed with the Regulatory Authority for authorization for the investigation of the Product in the Field.

1.33. "**Indemnitee**" has the meaning as set forth in Section 11.3.

1.34. "**Indemnitor**" has the meaning as set forth in Section 11.3.

1.35. "**Intellectual Property Rights**" means all trade secrets, copyrights, patents and other patent rights, trademarks, moral rights, and any and all other intellectual property or proprietary rights now known or hereafter recognized in any jurisdiction.

1.36. "**Journey Other IP**" has the meaning as set forth in Section 8.4.

1.37. "**Journey Product IP**" has the meaning as set forth in Section 8.3.

1.38. "**Know-How**" means all confidential and proprietary information and data (a) Controlled by Dermira prior to the APA Effective Date and which: (i) Dermira applied to or incorporated into the Product prior to the APA Effective Date, and (ii) are necessary for Maruho to Exploit the Product, (b) Controlled by Journey on or after the APA Effective Date which are necessary for Maruho to Exploit the Product, (c) which is included within the Developed IP, or (d) which is included within the Journey Product IP.

1.39. "**Know-How Perpetual License**" has the meaning as set forth in Section 2.1.

1.40. "**Knowledge**" has the meaning as set forth in Section 10.2(a).

1.41. "**Licensed IP Rights**" means collectively, the Patent Rights and Know-How and the Manufacturing Know-How.

1.42. "**Losses and Claims**" means collectively, any and all Third Party demands, claims, actions and proceedings (whether criminal or civil, in contract, tort or otherwise) for losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees).

1.43. "**Manufacturing Know-How**" means (a) the confidential and proprietary information and data relating to the manufacture of [***] that is Controlled by Dermira as of the First Restatement Date and set forth on Schedule B attached hereto and (b) the confidential and proprietary information and data relating to the manufacture of [***]that was provided to Maruho by Dermira as set forth in Sections 2.7.1 and 2.7.2 of the First A&R Agreement, and by the Shared Manufacturer as set forth in Section 2.8.2.

1.44. "**Maruho Other IP**" has the meaning as set forth in Section 8.5.

1.45. "**NDA**" means a new drug application filed with the Regulatory Authority for authorization for marketing the Product in the Field.

1.46. "**Net Sales**" means the gross sales amount recognized by Maruho, its Affiliates and their respective sublicensees for sales of the Product (other than sales by Maruho, its Affiliates or sublicensees for subsequent resale in which case the final sale to the end user shall be used for calculation of Net Sales), less deductions calculated in accordance with GAAP. If the calculation of "Net Sales" in accordance with the foregoing would be less than the amount determined in accordance with the "Net Sales" definition under the [***], then upon Journey's written request, the definition of "Net Sales" shall convert to the definition set forth in the [***].

1.47. "**Non-Bankrupt Party**" has the meaning as set forth in Section 17.17.

1.48. "**Patent Rights**" means: (a) the patents and patent applications listed in Schedule A and any patents and patent applications within the Developed IP and Journey Product IP, (b) all divisionals and continuations in the Territory that claim priority to the patents or patent applications described in subsection (a), (c) all patents that have issued or in the future issue from any of the foregoing patent applications described in subsections (a) and (b) in the Territory, including utility, model and design patents and certificates of invention, and (d) any reissues, renewals, extensions or additions of any of the foregoing in the Territory.

1.49. "**Person**" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

1.50. "**Phase 1/2b Clinical Study**" means a human clinical trial in the Territory that is intended to initially evaluate the effectiveness of the Product for a particular indication or indications in patients with the disease or indication under study.

1.51. "**Phase 3 Clinical Study**" means a human clinical trial in the Territory, which are performed after Phase 1/2b Clinical Study, the results of which could be used to establish safety and efficacy, and to determine warnings, precautions, and adverse reactions of the Product as a basis for an NDA.

1.52. "**Product**" or "**Products**" means a drug product that incorporates [***] as the sole active pharmaceutical ingredient.

1.53. "**Product Trademarks**" means all registered and unregistered trademarks, service marks, trade dress, trade names, logos, insignias, domain names, symbols, designs, and combinations thereof, in each case that are developed and used by Maruho, its Affiliates or its sublicensees in the Development or Commercialization of the Product in the Field and Territory and identifies the Product. The "Product Trademarks" will not include any trademark registered and maintained by Journey ("**Journey Trademark(s)**"). For the avoidance of doubt if a trademark used by Maruho comprises a Journey Trademark, then such trademark is not a Product Trademark and is owned by Journey.

1.54. "**Recipients**" has the meaning as set forth in Section 9.2.

1.55. "**Records**: has the meaning as set forth in Section 4.3.

1.56. "**Regulatory Approval**" means, with respect to the Product, any approval (including where required, pricing and reimbursement approvals), registration, license or authorization that is required by the Regulatory Authority to market and sell the Product in the Field and Territory.

1.57. "**Regulatory Authority**" means Koseirodosho, the Japanese Ministry of Health, Labour and Welfare, Pharmaceuticals and Medical Devices Agency and any successor agency thereto responsible for granting Regulatory Approvals for the Product in the Territory.

1.58. "**Regulatory Filings**" means, with respect to the Product, any submission to the Regulatory Authority of any appropriate regulatory application, including, without limitation, any IND, NDA, any submission to a regulatory advisory board, any marketing authorization application, and any supplement or amendment thereto.

1.59. "**Relevant Records**" has the meaning as set forth in Section 7.1.1.

1.60. "**Report Due Date**" means [***]for the reporting period from [***]to [***]in the preceding year, [***]for the reporting period from [***] to [***]t, [***]for the reporting period from [***] to [***], and [***]for the reporting period from [***] to [***].

1.61. "**Reports**" has the meaning as set forth in Section 4.4.

1.62. "**Royalty Term**" means the period commencing on the Original Effective Date and ending October 1, 2023.

1.63. "**Safety Agreement**" has the meaning as set forth in Section 4.5.

1.64. "**Shared Manufacturer**" means AMSA S.p.A., an Italian corporation.

1.65. "**Specifications**" has the meaning as set forth in Section 3.2.5.

1.66. "**Steering Committee**" has the meaning as set forth in Section 3.1.

1.67. "**Taxes**" has the meaning as set forth in Section 6.3.1.

1.68. "**Term**" has the meaning as set forth in Section 13.1.

1.69. "**Territory**" means Japan.

1.70. "**Third Party**" means any Person other than a Party or an Affiliate of a Party.

1.71. "**Valid Claim**" means either: (a) a claim of an issued and unexpired patent included within the Patent Rights, which has not been permanently revoked or declared unenforceable or invalid by an unreversed and unappealable or unreversed and unappealed decision of a court or other appropriate body of competent jurisdiction, or (b) a claim of a pending patent application included within the Patent Rights, which claim was filed in good faith and has not been abandoned or finally disallowed without the possibility of appeal or refiling of such application.

1.72. "**Withholding Tax Requirement**" has the meaning as set forth in Section 6.3.2.

2. LICENSE GRANT

2.1. **License Grant**. Subject to the terms and conditions of this Agreement, Journey hereby grants to Maruho an exclusive (subject to Section 2.2), sublicensable (subject to Section 2.3, and to the extent applicable, to Section 2.4 and Section 2.5), royalty-bearing, registered right and license under the Licensed IP Rights to Exploit the Product in the Field and the Territory (which includes the ability to manufacture [***] and Products on a non-exclusive basis outside of the Territory but exclusively for the sale of Products within the Territory). Notwithstanding the foregoing, the right and license granted to Maruho under Know-How and Manufacturing Know-How are an irrevocable and perpetual right and license unless (x) Maruho terminates this Agreement pursuant to Section 13.4, or (y) Journey terminates this Agreement pursuant to Sections 13.2, 13.3, or 13.5 (hereinafter the "**Know-How Perpetual License**").

2.1.1. Promptly after execution of this Agreement (and if any Licensed IP Rights are added to this Agreement, promptly thereafter) and upon Maruho's request, Journey shall register, through Maruho's assistance, the exclusive right and license granted to Maruho hereunder with the patent office in the Territory. In the event of a Bankruptcy Event of Journey and at any time prior to the termination of this Agreement, Journey shall not cancel such registration without prior written consent of Maruho. Maruho shall pay the fees to the patent office for the registration and maintenance (if any) of such exclusive right and license.

2.2. **Grant Back Rights**. Maruho hereby grants to Journey and its Affiliates a sublicensable, perpetual, irrevocable, fully paid up, non-exclusive, royalty-free right under the Licensed IP

Rights to make, have made, manufacture or have manufactured [***]and Products within the Territory for use and sale outside of the Territory.

2.3. **Sublicense Rights**. Maruho may sublicense the rights granted to it by Journey under this Agreement to any of its Affiliates without obtaining Journey's prior approval, or to any Third Party upon Journey's prior written approval, which approval shall not be unreasonably withheld or delayed, provided that, Maruho provides Journey with written notice of each sublicense within three (3) Business Days after the execution of the applicable sublicense agreement. Any and all sublicenses shall be subject to the following conditions:

2.3.1. All sublicenses shall be subject to and consistent with the terms and conditions of this Agreement and shall: (a) preclude the assignment of such sublicense without the prior written approval of Journey, (b) include Journey as a third party beneficiary under the sublicense with the right to enforce the terms of such sublicense, and (c) preclude the granting of further sublicenses in contravention with the terms and conditions of this Agreement. In no event shall any sublicense relieve Maruho of any of its obligations under this Agreement.

2.3.2. Maruho shall furnish to Journey a true and complete copy of each sublicense agreement (including any sublicense of Manufacturing Know-How) and each amendment thereto within thirty (30) days after the sublicense or amendment has been executed, provided that Maruho may redact confidential provisions of the sublicense agreement and each amendment that are not reasonably required by Journey to confirm Maruho's compliance with this Agreement. In addition, if the executed sublicense agreement or amendment is in Japanese, Maruho has no obligation to provide to Journey with any translation of the document.

2.3.3. Except with respect to Manufacturing Know-How, Journey agrees that Maruho's obligation set forth in this Section 2.3 will not apply to the agreements between Maruho or its Affiliates and contract research organizations, contract manufacturing organizations and similar Third Parties in each case performing services for the benefit of Maruho or its Affiliates or a Maruho sublicensee.

2.4. **[***] Rights**. Journey has obtained (through an assignment from Dermira pursuant to the APA) certain intellectual property and data rights (the "[***] **Rights**") from [***] and [***] pursuant to that certain Exclusive License Agreement dated [***], the redacted version of which has been provided to Maruho prior to the Original Effective Date. If during the Development of the Product it is necessary to utilize the [***] Rights, then the following shall apply:

2.4.1. For purposes of the license grant under Section 2.1, the Licensed IP Rights shall include the [***] Rights to the extent necessary for the Exploitation of the Product in the Field and in the Territory.

2.4.2. If Maruho further sublicenses the [***]Rights (as included within the license grant under Section 2.1) to a Third Party (a "[***] **Sublicensee**"), then Maruho's sublicense agreement with the [***] Sublicensee (the "[***] **Sublicense**") shall be within the scope of the license granted under the [***] Agreement and shall be consistent with the terms of the [***] in all respects. For clarity, Maruho or [***] Sublicensee will not be under the obligation other than the obligation described in this Agreement and the [***] Agreement.

2.4.3. Maruho shall (and shall cause each [***] Sublicensee to) (a) indemnify [***] and indemnify [***]) as provided in the [***], in each case as Journey's sublicensee in the Field in the Territory, subject to conditions and procedures substantially equivalent to those contained in [***], and (b) maintain the [***] under confidentiality obligations no less protective than those set forth in [***].

2.4.4. All information provided by Dermira to Maruho prior to the APA Effective Date, or by Journey to Maruho on or after the APA Effective Date, in each case, that constitutes Patent Rights and Technology (as defined in the [***]) shall be governed by the terms of [***].

2.4.5. [***] shall be intended third party beneficiaries of this Agreement and Maruho shall include in each [***] Sublicense an express statement that [***] are intended third party beneficiaries of the [***] Sublicense.

2.5. Manufacturing Know-How Sublicense Rights.

2.5.1. Notwithstanding anything to the contrary contained herein, neither Maruho nor its Affiliates shall have the right to grant any sublicense under the Manufacturing Know-How without Journey's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, and in the event that Journey does not consent to a proposed sublicense of the Manufacturing Know-How in accordance with this Section 2.5.1, Journey shall provide to Maruho, in writing, a substantive explanation with respect thereto; provided that Maruho may sublicense its rights under the Manufacturing Know-How, in whole or in part, without the prior written consent of Journey, to the Shared Manufacturer to perform contract manufacturing for the [***] on behalf of Maruho (or its Affiliates) for Products for sale within the Territory. For the avoidance of doubt, nothing in this Agreement shall be deemed or construed to grant Maruho (or its Affiliates) or any of its sublicensees or subcontractors any rights under Manufacturing Know-How to manufacture or have manufactured any other products, and any rights in the Manufacturing Know-How are solely for the manufacture of the [***] for Products for sale within the Territory. Any sublicense granted by Maruho in accordance with this Section 2.5 will meet the requirements of Sections 2.3.1 and 2.3.2 above.

2.5.2. Journey shall solely own any improvements, modifications or derivative works of or resulting from any Manufacturing Know-How, the subject matter described or claimed therein, or the use thereof after the First Restatement Date (collectively, the "**Improvements**"); provided, however, that such Improvements will be included in the license grant under Section 2.1 above.

2.6. Exclusivity. During the Term, and except with respect to the Product under this Agreement, neither Maruho nor any of its Affiliates (nor any sublicensee of Maruho as provided under Sections 2.3, 2.4 or 2.5 of this Agreement) shall Develop or Commercialize in the Field and in the Territory a product that contains an anticholinergic agent, provided that, with respect to this Section 2.6 only, the term "Develop" as applied to Maruho, its Affiliates or its sublicensees does not include basic, non-clinical research activities (but still includes clinical research activities such as clinical trials and other non-clinical registration enabling research such as toxicology studies). During the Term, neither Journey nor any of its Affiliates shall itself (and neither shall grant a license to any Third Party to) Develop or Commercialize in the Field and in the Territory a product that contains [***] (alone or in combination with another drug substance); provided that the foregoing shall not restrict Journey or its Affiliates from

exercising its rights under Section 2.2 or granting a license to the Manufacturing Know-How to a Third Party performing contract manufacturing services solely for the [***] on behalf of Maruho (or its Affiliates) for Products for sale within the Territory.

2.7. No Additional Rights. Nothing in this Agreement shall be construed to confer any rights upon Maruho by implication, estoppel, or otherwise as to any technology or Intellectual Property Rights of Journey or its Affiliates other than the Licensed IP Rights.

2.8. Manufacturing Know-How.

2.8.1. Maruho acknowledges and agrees that, as of the Effective Date, Dermira has completed its obligations to transfer Manufacturing Know-How and provide any related assistance pursuant to Sections 2.7.1 and 2.7.2 of the First A&R Agreement.

2.8.2. As of the Effective Date, the Parties acknowledge that the Shared Manufacturer has access to certain Confidential Information of Journey (including Manufacturing Know-How) that may be necessary or required for the manufacture of [***]and Products for sale in the Territory by Maruho (or its Affiliate). With the prior written consent of Journey, which shall not be unreasonably withheld, conditioned or delayed, Maruho may contact, or otherwise engage in discussions with the Shared Manufacturer with respect to such Confidential Information, solely to the extent necessary or required for the manufacture of [***] and Products for sale in the Territory by Maruho (or its Affiliate). Any disclosure of Confidential Information to Maruho pursuant to this Section 2.8.2 by the Shared Manufacturer shall be deemed to be a disclosure of Confidential Information by or on behalf of Journey to Maruho and shall be explicitly subject to Section 9. Journey shall enable the ability of the Shared Manufacturer to disclose such Confidential Information to Maruho.

3. GOVERNANCE

3.1. Establishment of Steering Committee. No later than thirty (30) days after the Original Effective Date, the Parties will establish a committee to oversee and monitor the Development and Commercialization of the Product in the Territory (the "**Steering Committee**").

3.1.1. The Steering Committee will be composed of three (3) representatives of each Party, who shall be appointed (and may be replaced at any time) by such Party on written notice to the other Party in accordance with this Agreement. Any member of the Steering Committee may designate a substitute to attend and perform the functions of that member at any meeting of the Steering Committee.

3.1.2. The Steering Committee will be held at least twice each year during the Term, or more frequently as agreed by the Steering Committee provided that the minimum frequency will be decreased to once each year after the first anniversary of the First Commercial Sale of the Product. The location of regularly scheduled in-person Steering Committee meetings shall alternate between the offices of the Parties, unless otherwise agreed. Meetings may be held telephonically, provided that at least one meeting in a Calendar Year is an in-person meeting. If exigent circumstances exist, and upon the written request of either Party, a special meeting of the Steering Committee may be convened to discuss and review any material quality issues with respect to the Product in accordance with Section 3.2.3.

3.1.3. The Party hosting any Steering Committee meeting shall appoint one person (who need not be a member of the Steering Committee) to attend the meeting and record the minutes of the meeting. Such minutes shall be circulated to the Parties promptly following the meeting for review, comment and distribution. A final copy of the minutes of each meeting, clearly describing any formal actions taken by the Steering Committee, shall be approved and signed by a representative from each Party within thirty (30) days after the meeting.

3.1.4. The Steering Committee will operate by unanimous consent, with each Party having a single vote.

3.1.5. At any time during the Term and for any reason, Journey shall have the right to withdraw from participation in the Steering Committee effective immediately upon written notice to Maruho.

3.2. Steering Committee Responsibilities. In addition to and without limiting the general oversight functions described above, the Steering Committee shall perform the following functions specific to Maruho's Development and Commercialization of Product in the Field and Territory (other than the function described in 3.2.7 which is specific to Journey's development and Commercialization):

3.2.1. review and approve the Development Plan and any proposed amendments to the Development Plan;

3.2.2. review and approve the following, for which Maruho will prepare summaries, each with sufficient detail regarding, as applicable, general strategy, dosing, efficacy, safety, and inclusion and exclusion criteria: (a) any non-clinical studies and protocols and any non-clinical study report conclusions; (b) any clinical trial protocols and any clinical study report conclusions, (c) any Regulatory Filing, and (d) any scientific publication or public presentation regarding [***]or Product. With respect to the approval process under Section 3.2.2, at Maruho's discretion, the applicable summary may be sent directly to Journey's Steering Committee members and if such Steering Committee members have not responded within seven (7) Business Days, then the applicable approval shall be deemed given by Journey's Steering Committee members. Maruho shall provide the summaries in English, but shall not be obligated to translate the underlying protocols and documents identified in Section 3.2.2, provided Maruho shall continue to be obligated to maintain and make available such protocols and documents in accordance with Section 4.3;

3.2.3. review any material quality issues with respect to the Product that may impact Journey's or Maruho's development and Commercialization of the Product, and discuss any necessary remedial action to be undertaken with respect thereto;

3.2.4. review any material changes to the manufacturing of [***]or Products, or any material updated information (including Improvements) which are necessary or useful with respect thereto, for which each Party will endeavor to disclose such information to the JSC in a timely manner;

3.2.5. review and discuss any changes, modification or amendment to the specifications set forth on Schedule D attached hereto (the "**Specification**" or "**Specifications**") and any material changes thereto, which Maruho shall provide to the Steering Committee on a timely basis;

3.2.6. review and approve the commercialization plan and proposed amendments to the commercialization plan;

3.2.7. review and approve requests by Maruho for Journey support and assistance in connection with the Development of the Product in the Territory; provided that any Journey support and assistance shall be provided in Journey's sole discretion and shall be at Journey's cost and expense, and any other support and assistance to be provided by Journey shall be subject to further negotiation between the Parties;

3.2.8. review and discuss proposed candidates (other than the Shared Manufacturer) to perform contract manufacturing for the [***] for Products to be sold within the Territory;

3.2.9. review Journey's progress of its development and the Commercialization of the Product outside the Territory;

3.2.10. establish working committees and delegate authority of the Steering Committee thereto as the Steering Committee deems necessary; and

3.2.11. serve as the first forum for settlement of disputes or disagreements arising from the Development or Commercialization of the Product in the Territory, unless otherwise indicated in this Agreement.

3.3. **Decision Making**. Decisions of the Steering Committee shall be made by unanimous vote, with each Party having one vote. If the votes required to approve a decision cannot be reached within the Steering Committee, then the Parties shall refer the matter, within ten (10) Business Days after the matter was first considered by the Steering Committee, to their respective Chief Executive Officers ("**CEOs**") or a representative designated by CEOs ("**Designee**") for discussion and attempted resolution in good faith. Such resolution, if any, of a referred matter by the CEOs or Designees shall be final and binding upon the Parties and shall be considered a decision of the Steering Committee for purposes of this Agreement. If fourteen (14) Business Days after the matter was first submitted to the CEOs, the CEOs or Designees are unable to reach consensus, then (i) Journey shall have the deciding vote on any matter that could potentially result in a negative impact on the development or Commercialization of the Product outside of the Territory and (ii) Maruho shall have the deciding vote on any matter substantially related to Development, manufacture or Commercialization of the Product in the Field and Territory, provided that is also not a matter within clause (i). For any disputed matters at the Steering Committee that are not resolved by the CEOs or Designees and do not fall within clauses (i) or (ii), the Parties shall submit the matter to arbitration in accordance with Section 16.3.

4. DEVELOPMENT AND COMMERCIALIZATION

4.1. **Development Efforts**. Maruho shall itself, or through its Affiliates or sublicensees, use Commercially Reasonable Efforts to Develop the Product in the Field and Territory in accordance with the approved Development Plan and in accordance with all Applicable Laws. In connection with its efforts to Develop the Product, Maruho shall bear all responsibility and expense for filing Regulatory Filings in Maruho's name and obtaining Regulatory Approval for the Product in the Field and Territory. Maruho will undertake such activities at its sole expense. Without the prior written consent of Journey, Maruho shall not contact any Third Party, or otherwise engage in discussions with a Third Party,

regarding access to such Third Party's data that may be used in connection with the Development or the Regulatory Approval of the Product in the Field and Territory.

4.2. **Commercialization**. Maruho shall itself, or through its Affiliates or sublicensees, use Commercially Reasonable Efforts to Commercialize the Product in the Territory. Maruho will undertake such activities at its sole expense.

4.3. **Records**. Maruho shall maintain records of the Development or Commercialization of the Product in the Territory in sufficient detail and in good scientific manner as shall reflect, to the reasonable extent, work done by Maruho or by a Third Party on Maruho's behalf and results achieved (the "**Records**"), including data in the form required under any applicable governmental regulations, as well as Good Manufacturing Practices in the Territory record retention practices. For avoidance of doubt, Records include all correspondences between Maruho (or a Third Party on Maruho's behalf) and any government agency including but not limited to the Regulatory Authority. For clarity, the Relevant Records defined in Section 7.1.1 are not included in the definition of the Records.

4.3.1. Maruho shall maintain the Records during the Term and for a period equal to the longer of (a) ten (10) years or (b) the period of time required by Applicable Laws.

4.3.2. Within three (3) months of the Original Effective Date, Maruho shall have established an electronic repository reasonably acceptable and accessible to Dermira. Maruho shall maintain such repository and ensure to a reasonable extent that the Records are placed therein no later than five (5) Business Days after creation of such Records. For avoidance of doubt, other than the Records necessary for the Steering Committee review and approval as enumerated in Section 3.2, Maruho has no obligation to translate any of the other Records or any other documents from Japanese into English that are deposited in the electronic repository.

4.4. **Reports**. No later than the Report Due Date, Maruho shall provide to Journey a written report, in the English language, that contains the results of the Development or Commercialization of the Product for such Calendar Quarter, including status of any non-clinical or clinical study, study findings, summary of discussions with the Regulatory Authority, total monthly sales calculation of Net Sales of Product (with explicit enumeration of all deductions) and all royalty due (including explicit enumeration of any foreign exchange rates employed), and invention disclosure ("**Reports**"). Maruho shall also provide Journey with such additional information as Journey may reasonably request, at such times as Journey reasonably requests, in order for Journey to comply with its reporting obligations or to verify Maruho's compliance with its obligations under this Agreement.

4.5. **Safety Reporting**. Maruho acknowledges that Journey has certain reporting obligations to the FDA regarding the Product. Maruho shall cooperate with Journey and shall ensure that Journey is provided with all information in a timely manner to enable Journey to comply with its reporting obligations to the FDA or its equivalent outside of the Territory. As of the Effective Date, the Parties have entered into a safety agreement governing the Parties' respective responsibilities with respect to Adverse Drug Experiences, complaints and other safety-related matters relating to the Product (the "**Safety Agreement**").

4.5.1. Journey shall own and maintain the global safety database with respect to the Product at its own cost.

4.5.2. Any Adverse Drug Experience known by a Party or its Affiliates or Third Party subcontractors must be reported to the other Party in writing in accordance with the timelines and procedures set forth in the Safety Agreement.

4.5.3. Maruho shall cooperate with Journey to ensure the collection, reporting and follow-up of any safety data in the Territory.

4.5.4. Journey shall have the final decision on any drug safety or pharmacovigilance matters from the global perspective; provided that Maruho shall have the responsibility to conduct pharmacovigilance activities in the Territory and to reimburse Journey for out of pocket cost and expenses related to specified pharmacovigilance activities in the Territory, as further described in Section 6.1.4.

4.5.5. Maruho shall not, and shall ensure that each of its Affiliates and sublicensees (including their respective employees, agents or Third Party subcontractors) shall not, make any public statement or give any public opinion on drug safety or pharmacovigilance matters, whether orally or in writing, without first having received Journey's express written consent to do so, provided that Journey shall not withhold, delay or condition such consent in a manner that would result in Maruho's non-compliance with Applicable Law and further provided that once Journey has provided its consent for a particular statement or opinion then Maruho shall be able to freely release such statement or opinion without the need for additional consent.

5. MANUFACTURE OF PRODUCT

5.1. Development Supply.

5.1.1. **Development Supply Agreement**. Pursuant to that certain Development Supply Agreement entered into between the Maruho and Dermira and effective as of March 1, 2017 (the "**Development Supply Agreement**"), Dermira agreed to be responsible for the supply of [***]for Maruho's non-clinical and clinical Development meeting the specifications set forth in Exhibit A attached thereto (as amended from time to time by the Parties). The Parties acknowledge and agree that as of the First Restatement Date, the Development Supply Agreement has expired based on the mutual agreement of Maruho and Dermira, except that Sections 3.3 (with respect to Drug Substance, as defined therein, delivered by Dermira prior to the First Restatement Date) and 7.5 of the Development Supply Agreement shall survive such expiration, and from and after the First Restatement Date, Maruho shall be solely responsible for the procurement and manufacture of [***]and the Product for Maruho's non-clinical and clinical Development. If, following the First Restatement Date, either Party reasonable determines that events or circumstances require the amendment or modification of the terms of any pharmacovigilance agreement between the Parties, the Parties agree to negotiate in good faith with respect to such amendment or modification.

5.2. Commercial Supply.

5.2.1. **Supply**. As of the First Restatement Date, Maruho shall be solely responsible, at its sole cost and expense, for the commercial procurement and manufacture of [***]meeting the Specifications for Maruho's Commercialization of Product in the Territory.

5.2.2. **Regulatory Authority Inspections**. From and after the First Restatement Date, if any Regulatory Authority performs an audit or inspection of the facility used to produce or manufacture [***] or Products to be sold in the Territory, Maruho shall be solely responsible for coordinating such inspection or audit with the facility and producing such documents and information as may be requested or required by the Regulatory Authority.

6. PAYMENT TERMS

6.1. Payment Terms.

6.1.1. **Upfront Payment**. In partial consideration of the licenses and rights granted to Maruho hereunder, within fifteen (15) Business Days following the Original Effective Date, Maruho shall have paid to Journey a one-time upfront, non-refundable and non-creditable payment of [***] (USD $[***]).

6.1.2. **Milestone Payments**. In further consideration of the licenses and rights granted to Maruho hereunder, upon achievement of each Milestone set forth below, the corresponding non-creditable and non-refundable Milestone Payment shall be payable by Maruho to Journey. Maruho shall notify Journey as soon as practicable upon achievement of each Milestone, but no later than three (3) Business Days after Maruho' s determination of achievement and Journey shall submit an invoice for the applicable Milestone Payment within three (3) Business Days after such notice. Maruho shall pay to Journey each applicable Milestone Payment within thirty (30) days after such Milestone is achieved.

MILESTONE	MILESTONE PAYMENT
(1) [***]	[***]
(2) [***]	[***]
(3) Upon first achievement of aggregate Net Sales of at least [***] Yen (¥[***]) during Maruho's fiscal year (October 1st to September 30th)	[***]
(4) Upon first achievement of aggregate Net Sales of at least [***] Yen (¥[***]) during Maruho's fiscal year (October 1st to September 30th)	[***]
(5) Upon first achievement of aggregate Net Sales of at least [***]Yen (¥[***]) during Maruho's fiscal year (October 1st to September 30th)	[***]
(6) Upon first achievement of aggregate Net Sales of at least [***] Yen (¥[***]) during Maruho's fiscal year (October 1st to September 30th)	[***]

For the avoidance of doubt (a) a Milestone achieved by a sublicensee or assignee of, or Third Party retained by, Maruho or its Affiliates shall be deemed to have been achieved by Maruho for purposes of this Section 6.1.2, and (b) if more than one Milestone is achieved at the same time, then each applicable Milestone Payment will be due and payable (by way of example, if during Maruho's first fiscal year after First Commercial Sale, there are Net Sales of over [***] Yen (¥ [***]), then Milestone Payment 3 and Milestone Payment 4 would both be due and payable.)

6.1.3. **Royalty Payments**.

(a) In further consideration of the licenses and rights granted to Maruho hereunder, during the Royalty Term, Maruho shall pay to Journey [***] percent ([***]%) of Net Sales of Product in the Territory. After the First Commercial Sale, the Net Sales and the royalty due shall be part of the Reports in accordance with Section 4.4. The applicable royalty payment shall be due no later than the Report Due Date. For clarity, Maruho shall pay royalties on any Net Sales of Products in the Territory that occurred prior to October 1, 2023 (regardless of when payment for such Net Sales is received) but shall have no obligation to pay royalties on any Net Sales of Products in the Territory that occur thereafter.

(b) If a Generic Competitor is first marketed and sold in the Field and Territory during the Royalty Term, then the royalty rate in Section 6.1.3(a) shall be lowered from [***] percent ([***]%) to [***] percent ([***]%) effective at the beginning of the subsequent Calendar Quarter.

6.1.4. **Pharmacovigilance Reimbursement**. Maruho shall reimburse Journey on a pass-through basis for all reasonable out of pocket costs and expenses directly incurred by or on behalf of Journey on or after October 1, 2023 in connection with [***]. For clarity, such reimbursement shall include all reasonable out of pocket costs and expenses directly incurred by or on behalf of Journey in connection with [***]. For clarity, Maruho shall only reimburse on a pass-through basis for all reasonable out of pocket costs and expenses accompanied with fully supporting documentation such as invoice of the costs.

6.1.5. **Other Payments**. For payments other than Milestone Payments or royalty payments, each Party shall pay to the other Party any other amounts due under this Agreement (that is not disputed in good faith) within thirty (30) days following receipt of invoice, which shall include sufficient detail and description regarding the invoiced amount. If any portion of the invoiced amount is disputed, the Parties shall discuss in good faith to resolve the matter.

6.1.6. **Late Payments**. Any late payments shall bear interest, to the extent permitted by law, at one and one half percent (1.5%) per month.

6.2. Payment Method.

6.2.1. Any payments under Section 6 that are initially calculated in currencies other than the US dollar shall be converted into US dollars at the average of the daily foreign

exchange rates published in the online version of the Wall Street Journal (currently located www.wsj.com) for the Calendar Quarter for which such payments apply, or for periods less than a Calendar Quarter, the average of the daily rates published in the Wall Street Journal for such period.

6.2.2. All payments from Maruho to Journey shall be made by wire transfer in US Dollars to the credit of such bank account as may be designated by Journey in writing to Maruho. Any payment which falls due on a date which is not a Business Day may be made on the next succeeding Business Day.

6.3. Taxes.

6.3.1. It is understood and agreed between the Parties that any amounts payable by Maruho to Journey hereunder are exclusive of any and all applicable sales, use, value-added tax, general sales tax, excise, property, and other taxes, levies, duties or fees in the Territory (collectively, "**Taxes**"). Maruho shall be responsible for billing and collection from its customers and remitting to the appropriate taxing authority any and all Taxes which it is required to collect or remit. Each Party will be responsible for its own income and property taxes.

6.3.2. If Maruho is required to make a payment to Journey subject to a deduction of tax or withholding tax (a "**Withholding Tax Requirement**") then the sum payable by Maruho (in respect of which such deduction or withholding is required to be made) shall be increased to the extent necessary to ensure that Journey receives a sum equal to the sum which it would have received had no such Withholding Tax Requirement been applicable, and the amount required to be deducted or withheld shall be remitted by Maruho in accordance with Applicable Law in the Territory. Any such withholding taxes required under Applicable Law in the Territory to be paid or withheld shall be an expense of, and borne solely by, Maruho.

6.3.3. The Parties agree to cooperate and produce on a timely basis any tax forms or reports, including an IRS Form W-8BEN, reasonably requested by the other Party in connection with any payment made by Maruho to Journey under this Agreement.

7. FINANCIAL RECORDS; AUDIT RIGHTS

7.1. Relevant Records.

7.1.1. **Relevant Records**. Maruho shall maintain accurate financial books and records pertaining to the sublicensing of the Licensed IP Rights pursuant to Sections 2.3, 2.4 and 2.5 and Maruho's sale of the Product, including any and all calculations of the applicable fees (collectively, "**Relevant Records**"). Maruho shall maintain the Relevant Records for the longer of: (a) three (3) years following expiration or termination of this Agreement or (b) the period of time required by Applicable Law.

7.1.2. **Audit Request**. Journey shall have the right during the Term and for twelve (12) months thereafter to engage, at its own expense, an independent auditor reasonably acceptable to Maruho to examine the Relevant Records from time-to-time, but no more frequently than once every twelve (12) months, as may be necessary to verify compliance with the terms of this Agreement. Such audit shall be requested in writing at least seven (7) days in advance, and shall be conducted during Maruho's normal

business hours and otherwise in manner that minimizes any interference to Maruho's business operations.

7.1.3. **Audit Fees and Expenses**. Journey shall bear any and all fees and expenses it may incur in connection with any such audit of the Relevant Records; provided, however, in the event an audit reveals an underpayment of Maruho of more than [***] as to the period subject to the audit, Maruho shall reimburse Journey for any reasonable and documented out-of-pocket costs and expenses of the audit within thirty (30) days after receiving invoices thereof.

7.1.4. **Payment of Deficiency**. If any audit establishes that Maruho underpaid any amounts due to Journey under this Agreement, then Maruho shall pay Journey any such deficiency within thirty (30) days after receipt of written notice thereof. For the avoidance of doubt, such payment will be considered a late payment, subject to Section 6.1.6.

8. INTELLECTUAL PROPERTY RIGHTS

8.1. **Pre-existing IP**. Each Party shall retain all rights, title and interests in and to any Intellectual Property Rights that are owned, licensed or sublicensed by such Party prior to the Original Effective Date, and, as it relates to Manufacturing Know-How, Journey shall own all rights, title and interests in and to any Intellectual Property Rights in the Manufacturing Know-How that are owned, licensed or sublicensed (a) by Dermira prior to the First Restatement Date or (b) by Journey after the APA Effective Date.

8.2. **Developed IP**. Journey shall solely own all rights, title and interests in and to any Intellectual Property Rights that are both: (a) related to the Product, and (b) conceived, developed or reduced to practice by Maruho, its Affiliates or its sublicensees on or following the Original Effective Date (collectively, "**Developed IP**"). Maruho hereby assigns to Journey all right, title and interest in and to the Developed IP.

8.3. **Journey Product IP**. Journey shall retain all rights, title and interests in and to any Intellectual Property Rights that (a) were conceived, developed or reduced to practice by Dermira or its Affiliates after the Original Effective Date or (b) are conceived, developed or reduced to practice by Journey or its Affiliates on and after the APA Effective Date, and in each case of (a) and (b), are necessary to Develop or Commercialize Product (the "**Journey Product IP**"). Journey shall notify Maruho of the filing of any patent application in the Territory with respect to the manufacture of [***]or Products as soon as reasonably practicable.

8.4. **Journey Other IP**. As between the Parties, Journey shall retain all rights, title and interests in and to any Intellectual Property Rights that (a) were conceived, developed or reduced to practice by Dermira or its Affiliates after the Original Effective Date or (b) are conceived, developed or reduced to practice by Journey or its Affiliates on and after the APA Effective Date, and in each case of (a) and (b), are not necessary to Develop or Commercialize Product (the "**Journey Other IP**"). For avoidance of doubt, licenses granted to Maruho under this Agreement exclude Journey Other IP.

8.5. **Maruho Other IP**. Maruho shall retain all rights, title and interests in and to any Intellectual Property Rights that are conceived, developed or reduced to practice by Maruho or its Affiliates after the Original Effective Date and are not Developed IP (the "**Maruho Other IP**"). Subject to the terms of this Agreement, including Sections 2.5.2, 8.2 and 8.6, Maruho shall notify Journey of the filing of any patent application in the Territory with respect to the manufacture

of [***] or Products as soon as reasonably practicable. For avoidance of doubt, the rights assigned to Journey under this Agreement exclude Maruho Other IP.

8.6. Patents.

(a) **Patent Prosecution, Maintenance and Enforcement**. Journey shall have the sole right and responsibility for filing, prosecuting (including in connection with any reexaminations, oppositions and the like), maintaining and enforcing the Patent Rights in the Territory in Journey's name and at Journey's own cost and expense. Journey shall use Commercially Reasonable Efforts to obtain up to five (5) years of patent term extension for the Patent Rights in the Territory.

(b) **Assistance**. Maruho will provide reasonable assistance to Journey, at Journey's expense, including but not limited to bearing the Maruho's labor cost calculated based on the same rate to the Dermira FTE Rate, in connection with the filing, prosecution and maintenance of the Patent Rights in the Territory, where such assistance shall include providing access to relevant persons and executing all documentation reasonably requested by Journey. As reasonably requested by Journey in writing reasonably in advance, Maruho shall cooperate in obtaining patent term restoration, supplementary protection certificates or their equivalents, and patent term extensions with respect to the Patent Rights in the Territory.

8.7. Product Trademarks. Journey shall notify Maruho of the filing of any trademark application for the Product as soon as reasonably practicable. Upon Journey's request, Maruho shall evaluate in good faith the use of a Journey Trademark for the Product in the Territory. If Maruho uses a Journey Trademark for the Product, Journey shall grant to Maruho an exclusive, sublicensable right to use such Journey Trademark for the Development and Commercialization of the Product in the Field and Territory without any additional consideration and Journey shall prosecute and maintain such Journey Trademark in the Territory at Maruho's cost. If Maruho elects not to use a Journey Trademark, it may choose another trademark(s) and shall solely own such Product Trademark(s).

9. CONFIDENTIALITY

9.1. Definition. "**Confidential Information**" means the terms and provisions of this Agreement, inventions, processes, materials, chemicals, know-how and ideas, and other business, commercial, technical and financial information, that the disclosing Party or any of its Affiliates has supplied or otherwise made available to the other Party or its Affiliates. As between the Parties, all Know-How and Manufacturing Know-How shall be considered Journey's Confidential Information.

9.2. Obligations. The receiving Party will protect all Confidential Information against unauthorized disclosure to Third Parties with the same degree of care as the receiving Party uses for its own similar information, but in no event less than a reasonable degree of care for a pharmaceutical company in a major market country. The receiving Party may disclose the Confidential Information to its Affiliates, and their respective directors, officers, employees, subcontractors (including any Third Party that has contracted with such subcontractors), sublicensees, consultants, attorneys, and accountants, banks and investors (collectively, "**Recipients**"), in each case, who have a need-to-know such information for purposes related to this Agreement, provided that the receiving Party shall hold such

Recipients to written obligations of confidentiality with terms and conditions at least as restrictive as those set forth in this Agreement.

9.3. Exceptions.

9.3.1. The obligations under this Section 9 shall not apply to any information to the extent the receiving Party can demonstrate by competent evidence that such information:

(a) is (at the time of disclosure) or becomes (after the time of disclosure) known to the public or part of the public domain through no breach of this Agreement by the receiving Party or any Recipients to whom it disclosed such information;

(b) was known to, or was otherwise in the possession of, the receiving Party prior to the time of disclosure by the disclosing Party;

(c) is disclosed to the receiving Party on a non-confidential basis by a Third Party who is entitled to disclose it without breaching any confidentiality obligation to the disclosing Party; or

(d) is independently developed by or on behalf of the receiving Party or any of its Affiliates, as evidenced by its written records, without use of the Confidential Information.

9.3.2. The restrictions set forth in this Section 9 shall not apply to any Confidential Information that the receiving Party is required to disclose under Applicable Laws or a court order or other governmental order, provided that the receiving Party: (a) provides the disclosing Party with prompt notice of such disclosure requirement if legally permitted, (b) affords the disclosing Party an opportunity to oppose or limit, or secure confidential treatment for such required disclosure and (c) if the disclosing Party is unsuccessful in its efforts pursuant to subsection (b), discloses only that portion of the Confidential Information that the receiving Party is legally required to disclose as advised by the receiving Party's legal counsel. If and whenever any Confidential Information of the disclosing Party is disclosed in accordance with this Section 9.3.2, such disclosure shall not cause any such information to cease to be Confidential Information, except to the extent that such disclosure results in a public disclosure of such information (otherwise than by breach of this Agreement).

9.3.3. In the event that Journey wishes to assign, pledge or otherwise transfer its rights to receive some or all of the Milestone Payments or royalties payable hereunder, Journey may disclose to a Third Party Confidential Information of Maruho in connection with any such proposed assignment, provided that Journey shall provide notice to Maruho and shall hold such Third Parties to written obligations of confidentiality with terms and conditions at least as restrictive as those set forth in this Agreement.

9.4. Right to Injunctive Relief. The Parties agree that breaches of this Section 9 may cause irreparable harm to the non-breaching Party and shall entitle the non-breaching Party, in addition to any other remedies available to it (subject to the terms of this Agreement), the right to seek injunctive relief enjoining such action.

9.5. Ongoing Obligation for Confidentiality. Upon expiration or termination of this Agreement, the receiving Party shall, and shall cause its Recipients to, destroy or return (as requested by

the disclosing Party) any Confidential Information of the disclosing Party. Notwithstanding the foregoing, (i) each Party may keep a copy of Confidential Information to the extent such retention is required to comply with Applicable Law, provided such Confidential Information is not used for any purpose other than compliance with such Applicable Law, and (ii) each Party's counsel may retain a copy of any Confidential Information solely for the purpose of establishing compliance with the terms of this Agreement in the event of a dispute regarding the same.

10. REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1. Representations and Warranties by Each Party. Each Party represents and warrants to the other Party as of the Effective Date, the First Restatement Date, the Original Effective Date and during the Term that:

(a) it is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation;

(b) it has full corporate power and authority to execute, deliver, and perform this Agreement, and has taken all corporate action required by Applicable Law and its organizational documents to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement;

(c) this Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms;

(d) all consents, approvals and authorizations from all governmental authorities or other Third Parties required to be obtained by such Party in connection with this Agreement have been obtained; and

(e) the execution and delivery of this Agreement and all other instruments and documents required to be executed pursuant to this Agreement, and the consummation of the transactions contemplated hereby do not and shall not: (i) conflict with or result in a breach of any provision of its organizational documents, (ii) result in a breach of any agreement to which it is a party that would impair the performance of its obligations hereunder; or (iii) violate any Applicable Law.

10.2. Representations and Warranties by Journey. Journey represents and warrants that:

(a) to Dermira's Knowledge as of the Original Effective Date (a) there is no claim pending alleging that the Exploitation of the Product in the Field within the Territory infringes, misappropriates or otherwise violates the Intellectual Property Rights of a Third Party, and (b) there is no claim pending or threatened by Journey alleging that a Third Party is or was infringing, misappropriating or otherwise violating the Licensed IP Rights in the Field within the Territory. As used herein, "**Knowledge**" means with respect to a matter, (i) the actual knowledge of such matter or (ii) the knowledge of such matter that would have been obtained by Journey or any of its employee or officers after due inquiry as would cause a reasonably prudent person to make due inquiry in respect of such matter and such reasonably prudent person would, after such due inquiry, gain such knowledge, or (iii) knowledge that a

person in the position of such person should have in the careful exercise of their responsibility;

(b) as of the Original Effective Date, the [***] has been executed and delivered by [***] and remains in full force and effect;

(c) to Journey's Knowledge as of the Effective Date, there is no claim pending or threatened by Journey alleging that a Third Party is or was infringing, misappropriating or otherwise violating the Manufacturing Know-How in the Field within the Territory;

(d) to Journey's Knowledge, as of the Effective Date, the Licensed IP Rights includes all the right, title, interests, information and data that is required for Maruho to manufacture the [***] or Products for sale in the Field within the Territory; and,

(e) Journey shall comply with the terms of this Agreement and all Applicable Law with respect to the performance of its obligations hereunder.

10.3. Representations and Warranties by Maruho. Maruho represents and warrants to Journey that:

(a) all Product Commercialized by, or under authority of, Maruho shall be: (i) packaged, labeled, handled, stored and shipped by Maruho, in accordance with, and shall conform to, the applicable Specifications, and (ii) packaged, labeled, handled, stored and shipped by Maruho in compliance with all Applicable Laws including, the Good Manufacturing Practices applicable to Products offered for sale in the Territory; and

(b) it shall comply with the terms of this Agreement and all Applicable Law with respect to the performance of its obligations hereunder.

10.4. No Other Warranties. EXCEPT AS EXPRESSLY STATED IN THIS SECTION 10, NEITHER PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO WARRANTIES OF TITLE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ANY INFORMATION PROVIDED BY JOURNEY OR ITS AFFILIATES IS MADE AVAILABLE ON AN "AS IS" BASIS WITHOUT WARRANTY WITH RESPECT TO COMPLETENESS, COMPLIANCE WITH REGULATORY STANDARDS OR REGULATIONS OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND OF WARRANTY WHETHER EXPRESS OR IMPLIED.

11. INDEMNIFICATION

11.1. Indemnification by Journey. Journey shall defend, indemnify and hold harmless Maruho and its Affiliates, and their respective officers, directors, employees, contractors, agents and assigns, from and against any Losses and Claims arising or resulting from: (a) infringement of a Third Party's Intellectual Property Rights by the Exploitation of the Product in the Field and in the Territory to the extent the Losses and Claims arise from [***] or Product in the form set forth in the specifications defined in Exhibit A attached to the Development Supply Agreement as supplied by Dermira prior to the First Restatement Date, (b) the negligence, recklessness or

wrongful intentional acts or omission of Dermira, its Affiliates, subcontractors or sublicensees in the supply of [***] or Product to Maruho prior to the First Restatement Date, (c) breach by Journey of any representation, warranty or covenant as set forth in this Agreement or (d) manufacture of the [***] or the Product as supplied by Dermira prior to the First Restatement Date. For avoidance of doubt, the foregoing indemnification does not include Losses and Claims that arise (i) as a result of a change to the manufacturing processes, in-process tests, in-process specifications or specifications defined in Exhibit A attached to the Development Supply Agreement, in each case that are requested by Maruho, or (ii) as a result of an allegation or finding of trademark infringement of a Third Party trademark by a Product Trademark or Maruho' s use of a Journey Trademark in the Territory.

11.2. **Indemnification by Maruho**. Maruho shall defend, indemnify and hold harmless Journey and its Affiliates (and if applicable, [***] and/or [***]in accordance with Section 2.4.3), and their respective officers, directors, employees, contractors, agents and assigns, from and against any Losses and Claims arising or resulting from: (a) the Development of a Product by Maruho, its Affiliates, subcontractors or sublicensees to the extent that such Losses and Claims are not the result Journey's negligence, recklessness, or wrongful intentional acts or omissions, (b) the Commercialization of a Product by Maruho, its Affiliates, subcontractors or sublicensees, (c) the negligence, recklessness or wrongful intentional acts or omissions of Maruho, its Affiliates, subcontractors or sublicensees with respect to the performance of Maruho's obligations under this Agreement, (d) breach by Maruho of any representation, warranty or covenant as set forth in this Agreement, or (e) the manufacture of [***] or Products on or after the First Restatement Date.

11.3. **Indemnification Procedure**. Subject to Section 2.4.3 (if applicable), in connection with any Losses and Claims for which a Party (the "**Indemnitee**") seeks indemnification from the other Party (the "**Indemnitor**") pursuant to this Agreement, the Indemnitee shall: (a) give to Indemnitor prompt written notice of the Losses and Claims; provided, however, that failure to provide such notice shall not relieve the Indemnitor of its liability or obligation hereunder, except to the extent of any material prejudice as a direct result of such failure; (b) cooperate with the Indemnitor, at the Indemnitor's expense, in connection with the defense and settlement of the Losses and Claims; and (c) permit the Indemnitor to control the defense and settlement of the Losses and Claims; provided, however, that in the event such settlement materially adversely impacts the Indemnitee's rights or obligations, the Indemnitor may not settle the Losses and Claims without the Indemnitee's prior written consent, which shall not be unreasonably withheld or delayed. Further, the Indemnitee shall have the right to participate (but not control) and be represented in any suit or action by advisory legal counsel of its selection and at its own expense.

12. LIMITATION OF LIABILITY

12.1. **Consequential Damages Waiver**. EXCEPT FOR A BREACH OF SECTION 9 OR OBLIGATIONS ARISING UNDER SECTION 11, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING DAMAGES FOR LOST PROFITS OR LOST REVENUES REGARDLESS OF WHETHER IT HAS BEEN INFORMED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR THE TYPE OF CLAIM, CONTRACT OR TORT (INCLUDING NEGLIGENCE).

13. TERM; TERMINATION

13.1. **Term**. The term of this Agreement shall commence as of the Original Effective Date and shall expire upon the expiration of the Royalty Term.

13.2. **Termination for Cause**. Each Party shall have the right, without prejudice to any other remedies available to it at law or in equity, to terminate this Agreement in the event the other Party breaches any of its material obligations hereunder and fails to cure such breach within thirty (30) days of receiving notice thereof; provided, however, if such breach is capable of being cured, but cannot be cured within such thirty (30) day period, and the breaching Party initiates actions to cure such breach within such period and thereafter diligently pursues such actions, the breaching Party shall have such additional period as is reasonable to cure such breach, but in no event will such additional period exceed sixty (60) days. Any termination by a Party under this Section 13.2 shall be without prejudice to any damages or other legal or equitable remedies to which it may be entitled from the other Party. For the avoidance of doubt, Maruho's failure to use Commercially Reasonable Efforts to Develop and Commercialize the Product shall constitute a material breach by Maruho under this Agreement. Additionally, the Parties acknowledge and agree that a Party's breach of its material obligations under the ASEAN License Agreement shall constitute a breach hereunder and shall give the other Party the right to terminate this Agreement for cause in accordance with the terms of this Section 13.2, *mutatis mutandis*.

13.3. **Termination for a Bankruptcy Event**. Each Party shall have the right to terminate this Agreement in the event of a Bankruptcy Event with respect to the other Party. "**Bankruptcy Event**" means the occurrence of any of the following: (a) the institution of any bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against a Party under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the United States Bankruptcy Code, as amended or under any similar laws or statutes of the United States or any state thereof (the "**Bankruptcy Code**"), where in the case of involuntary proceedings such proceedings have not been dismissed or discharged within ninety (90) days after they are instituted, (b) the insolvency or making of an assignment for the benefit of creditors or the admittance by a Party of any involuntary debts as they mature, (c) the institution of any reorganization, arrangement or other readjustment of debt plan of a Party not involving the Bankruptcy Code, (d) appointment of a receiver for all or substantially all of a Party's assets, or (e) any corporate action taken by the board of directors of a Party in furtherance of any of the foregoing actions.

13.4. **Maruho Termination**. Maruho shall have the right to terminate this Agreement upon thirty (30) days written notice to Journey upon the occurrence of: (a) the Product has not received Regulatory Approval in the Territory by the end of 2027, (b) the labeling for the Product obtained or expected to be obtained in the Territory will not allow for an economically-viable Commercialization of the Product, (c) the initial Japan National Health Insurance (**NHI**) price or that of subsequent revisions does not allow for an economically-viable Commercialization of the Product in the Territory or (d) the Development or the Commercialization of the Product could not be continued due to a safety issue related to [***] or the Product.

13.5. **Termination for Challenge to Licensed IP Rights**. Journey shall have the right to immediately terminate this Agreement at any time after the First Restatement Date in the event Maruho or any of its Affiliates or its or their sublicensees contests or challenges, or supports or assists any Third Party to contest or challenge, in any patent office, court, regulatory agency

or other forum, Journey's ownership of or rights in, or the validity, enforceability or scope of, any of the Licensed IP Rights. Additionally, the Parties acknowledge and agree that any such challenge to Journey's ownership of or rights in, or the validity, enforceability or scope of, any of the Licensed IP Rights brought by Maruho, its Affiliates or its or their sublicensees under the ASEAN License Agreement shall give Journey the right to terminate this Agreement in accordance with the terms of this Section 13.5, *mutatis mutandis*.

13.6. Effect of Termination or Expiration.

13.6.1. Upon termination or expiration of this Agreement, Maruho shall pay to Journey all amounts due to Journey as of the effective date of termination or expiration within thirty (30) days following the effective date of termination or expiration.

13.6.2. Upon expiration (but not termination) of this Agreement, Journey hereby grants to Maruho a sublicensable, royalty-free, fully paid up, irrevocable and perpetual right and license to use a Journey Trademark used by Maruho and the Licensed IP Rights for the purpose of the Exploitation of the Product in the Field within and for the Territory.

13.6.3. Upon termination of this Agreement, Maruho shall have the right to sell its remaining inventory of Product following the termination of this Agreement so long as Maruho has fully paid, and continues to fully pay when due, any and all royalties owed to Journey, and Maruho otherwise is not in material breach of this Agreement.

13.6.4. Upon termination of this Agreement, all licenses granted by Journey to Maruho (except as otherwise set forth in Section 2.1 with respect to the Know-How Perpetual License) shall terminate. For avoidance of doubt, termination of the licenses granted by Journey to Maruho shall terminate all sublicenses granted by Maruho hereunder related thereto.

13.6.5. Subject to Section 17.17, upon termination of this Agreement:

(a) Maruho shall: (i) at no costs to Journey, transfer to Journey all data, Regulatory Filings and Regulatory Approvals held by Maruho with respect to the Product, (ii) to the extent subsection (i) is not permitted by the Regulatory Authority, at no costs to Journey, permit Journey to cross- reference and rely upon any Regulatory Approvals and Regulatory Filings filed by Maruho with respect to the Product, and (iii) except as set forth in Section 13.6.3 cease the further manufacture, Development or Commercialization of Product in the Territory provided that if Maruho terminated this Agreement in accordance with 13.2 or 13.3 Journey shall pay reasonable consideration to Maruho for the transfer and cross reference. Notwithstanding the foregoing to contrary, in the case of a Bankruptcy Event of Journey, the provisions of this Section 13.6.5(a) shall not apply unless Maruho has elected to terminate this Agreement pursuant to Section 13.3.

(b) Except in the case of termination by Maruho under Section 13.2 or 13.3, Maruho hereby grants to Journey a royalty-free, fully paid up, worldwide, transferable, sublicensable, perpetual and irrevocable license to use the Product Trademarks for the purpose of manufacturing, marketing, distributing, selling or otherwise Exploiting the Product.

13.7. Survival. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing hereunder prior to such expiration or termination. Without limiting the

foregoing, the provisions of Sections 2.1 (solely with respect to the Know-How Perpetual License, as applicable), 2.1.1, 2.4.3, 2.4.4, 2.4.5, 4.3, 4.5, 6, 7, 8.1, 8.2, 8.3 (first sentence only), 8.4, 8.5, 8.6(b), 9, 10.4, 11, 12, 13.6, 13.7, 15.1, 16 and 17 shall survive expiration or termination of this Agreement.

14. PRESS RELEASES

The Parties agree that the public announcement of the execution of this Agreement shall be substantially in the form of the press release attached as Schedule C. Such press releases shall be issued within three (3) Business Days after the Effective Date. Except as required by applicable laws (including disclosure requirements of the SEC or any stock exchange on which securities issued by a Party are traded), neither Party shall make any other public announcement concerning this Agreement or the subject matter hereof without the prior written consent of the other, which shall not be unreasonably withheld or delayed; provided that each Party may make any public statement in response to questions by the press, analysts, investors or those attending industry conferences or financial analyst calls, or issue press releases, so long as any such public statement or press release is not inconsistent with prior public disclosures or public statements approved by the other Party pursuant to this Section. In the event of such a required public announcement, to the extent practicable under the circumstances, the Party making such announcement shall provide the other Party with a copy of the proposed text of such announcement at least three (3) Business Days prior to the scheduled release to afford such other Party a reasonable opportunity to review and comment upon the proposed text.

15. MARUHO INSURANCE

15.1. **Insurance Requirements**. Maruho will maintain during the Term and until the later of: (a) three (3) years after termination or expiration of this Agreement, or (b) the date that all statutes of limitation covering claims or suits that may be instituted for personal injury based on the sale or use of the Product have expired, product liability insurance with coverage limits of not less than [***] per occurrence and [***] in the aggregate and clinical trial insurance which reasonably covers the liabilities arising from each clinical trials. Maruho has the right to provide the total limits required by any combination of primary and umbrella/excess coverage. The minimum level of insurance set forth herein shall not be construed to create a limit on Maruho's liability hereunder.

15.2. **Policy Notification**. Upon Journey's request, Maruho shall provide Journey with certified copies of such policies or original certificates of insurance evidencing such insurance.

16. DISPUTE RESOLUTION

16.1. **General**. The following procedures shall be used to resolve any dispute arising out of or in connection with this Agreement except for disputes for which injunctive or other equitable relief is sought to prevent the unauthorized use or disclosure of proprietary materials or information or prevent the infringement or misappropriation of a Party's Intellectual Property Rights. Any dispute that is not otherwise resolved by the Parties as provided by Section 3.3 shall skip the procedure in Section 16.2 and go directly to Section 16.3.

16.2. **Meeting**. Promptly after the written request of either Party, each of the Parties shall appoint a designated representative to meet in person or by telephone to attempt in good faith to resolve any dispute. If the designated representatives do not resolve the dispute within sixty (60) Business Days of such request, then an executive officer of each Party shall meet in person or by telephone to review and attempt to resolve the dispute in good

faith. The executive officers shall have sixty (60) Business Days to attempt to resolve the dispute.

16.3. **Arbitration**. Any disputes that are not otherwise resolved by the Parties shall be submitted to binding arbitration with the International Centre for Dispute Resolution ("**ICDR**") in San Francisco, California, U.S.A. in accordance with the then-prevailing commercial arbitration rules of the ICDR. The language of the arbitration shall be English.

16.3.1. There shall be three (3) arbitrators, one selected by the initiating Party in the request for arbitration, the second selected by the other Party within twenty (20) days of the request for arbitration, and the third (who shall act as chairperson of the arbitration tribunal) selected by the two (2) Party-appointed arbitrators within twenty (20) days of the selection of the second arbitrator. In the event that the respondent fails to select an arbitrator, or if the two Party-appointed arbitrators are unable or fail to agree upon the third arbitrator, the ICDR shall designate the remaining arbitrator(s) required to comprise the tribunal.

16.3.2. Each arbitrator chosen shall speak, read, and write English fluently and shall be either (i) a practicing lawyer who has specialized in business litigation with at least ten (10) years of experience, or (ii) a retired judge of a court of general jurisdiction.

16.3.3. The arbitrators shall issue an award within nine (9) months of the submission of the request for arbitration. This time limit may be extended by agreement of the Parties or by the tribunal if necessary. It is expressly understood and agreed by the Parties that the rulings and award of the tribunal shall be conclusive on the Parties, their successors and permitted assigns. Judgment on the award rendered by the tribunal may be entered in any court having jurisdiction thereof.

16.3.4. The cost of the arbitration, including the fees and expenses of the arbitrator, will be shared equally by the Parties. The prevailing Party shall be entitled to recover from the losing Party the prevailing Party's attorneys' fees and costs. The arbitrator shall have the right to apportion liability between the Parties, but will not have the authority to award any damages or remedies not available under the express terms of this Agreement.

17. GENERAL PROVISIONS

17.1. **Assignment**. Neither Party may assign its rights and obligations under this Agreement without the other Party's prior written consent, except that: (a) Journey may assign to a Third Party its rights to receive some or all of the fees payable hereunder, (b) each Party may assign its rights and obligations under this Agreement or any part hereof to one or more of its Affiliates without the consent of the other Party; and (c) either Party may assign this Agreement in its entirety to a successor to all or substantially all of its business to which this Agreement relates; provided further that, to the extent Maruho has the right to assign its rights and obligations under this Agreement pursuant to this Section 17.1, it may only exercise such right in connection with a contemporaneous assignment to the same assignee of its rights and obligations under the ASEAN License Agreement. The assigning Party shall provide the other Party with prompt written notice of any such assignment. Any permitted assignee pursuant to clauses (b) and (c) above shall assume all obligations of its assignor under this Agreement, and no permitted assignment shall relieve the assignor of liability for its obligations hereunder. Any attempted assignment in contravention of the foregoing shall be void.

17.2. **Severability**. Should one or more of the provisions of this Agreement become void or unenforceable as a matter of law, then such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement, and the Parties agree to substitute a valid and enforceable provision therefor which, as nearly as possible, achieves the desired economic effect and mutual understanding of the Parties under this Agreement.

17.3. **Governing Law; Exclusive Jurisdiction**.

17.3.1. This Agreement shall be governed by and construed under the laws in effect in the State of California, U.S.A., without giving effect to any conflicts of laws provision thereof or of any other jurisdiction that would produce a contrary result, except that issues subject to the arbitration clause and any arbitration hereunder shall be governed by the applicable commercial arbitration rules and regulations.

17.3.2. The courts located in San Mateo County, California, U.S.A. shall have exclusive jurisdiction over any action brought to enforce this Agreement, and each of the Parties hereto irrevocably: (a) submits to such exclusive jurisdiction for such purpose; (b) waives any objection which it may have at any time to the laying of venue of any proceedings brought in such courts; (c) waives any claim that such proceedings have been brought in an inconvenient forum, and (d) further waives the right to object with respect to such proceedings that any such court does not have jurisdiction over such Party. Notwithstanding the foregoing, application may be made to any court of competent jurisdiction with respect to the enforcement of any judgment or award.

17.4. **Force Majeure**. Except with respect to delays or nonperformance caused by the negligent or intentional act or omission of a Party, any delay or nonperformance by such Party (other than payment obligations under this Agreement) will not be considered a breach of this Agreement to the extent such delay or nonperformance is caused by acts of God, natural disasters, acts of the government or civil or military authority, fire, floods, epidemics, quarantine, energy crises, war or riots or other similar cause outside of the reasonable control of such Party (each, a "**Force Majeure Event**"), provided that the Party affected by such Force Majeure Event will promptly begin or resume performance as soon as reasonably practicable after the event has abated. If the Force Majeure Event prevents a Party from performing any of its obligations under this Agreement for one hundred eighty (180) days or more, then the other Party may terminate this Agreement immediately upon written notice to the non-performing Party.

17.5. **Translation**. Maruho has no obligation to translate the documents related to the Agreement unless the obligation of translation is clearly stated in this Agreement.

17.6. **Obligation**. Each Party shall bear the cost for performing its own obligations herein including but not limited to the labor cost of its own employees unless otherwise explicitly set forth in this Agreement.

17.7. **Waivers and Amendments**. The failure of any Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. No waiver shall be effective unless it has been given in writing and signed by the Party giving such waiver. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each Party.

17.8. **Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Journey and Maruho, or to constitute one Party as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other Party.

17.9. **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

17.10. **Notices**. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when: (a) delivered by hand (with written confirmation of receipt), by an internationally recognized overnight delivery service (receipt requested), or (b) when received by the addressee, if sent by an internationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses set forth below (or to such other addresses as a Party may designate by written notice):

If to Journey:	Journey Medical Corporation 9237 East Via De Ventura, Suite 105 Scottsdale, ZA 95258, U.S.A. Attention: Chief Executive Officer
If to Maruho:	Maruho Co., Ltd. 1-5-22, Nakatsu Kita-ku, Osaka, 531-0071, Japan Attention: Global Business Development Department

17.11. **Further Assurances**. Maruho and Journey hereby covenant and agree without the necessity of any further consideration, to execute, acknowledge and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate to carry out the intent and purposes of this Agreement.

17.12. **No Third Party Beneficiary Rights**. **S**ubject to Section 2.4 (and only to the extent it is applicable), this Agreement is not intended to and shall not be construed to give any Third Party any interest or rights (including, without limitation, any third party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby.

17.13. **Entire Agreement**. This Agreement, together with its Schedules, sets forth the entire agreement and understanding of the Parties as to the subject matter hereof and supersedes all proposals, oral or written, and all other prior communications between the Parties with respect to such subject matter. In the event of any conflict between a material provision of this Agreement and any Schedule hereto, the Agreement shall control.

17.14. **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17.15. Cumulative Remedies. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

17.16. Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, any rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

17.17. Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by one Party to the other Party are, and otherwise will be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, licenses of right to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The Parties agree that a Party that is a licensee of such rights under this Agreement will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party (the "**Bankrupt Party**") to this Agreement under the U.S. Bankruptcy Code or comparable provision of applicable bankruptcy or insolvency laws, the other Party (the "**Non-Bankrupt Party**") will be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and same, if not already in its possession, will be promptly delivered to it (a) upon any such commencement of a bankruptcy or insolvency proceeding upon its written request therefor, unless the Bankrupt Party elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under (a) above, following the rejection of this Agreement by or on behalf of the Bankrupt Party upon written request therefor by the Non-Bankrupt Party. Without limiting the generality of the foregoing,

17.17.1. subject to the Non-Bankrupt Party's rights of election under Section 365(n) of the U.S. Bankruptcy Code, all licenses granted to the Non-Bankrupt Party under this Agreement will continue subject to the respective terms and conditions hereof and thereof, and will not be affected, even by the Bankrupt Party's rejection of this Agreement;

17.17.2. the Bankrupt Party shall not unreasonably interfere with the Non-Bankrupt Party's rights to intellectual property and all embodiments of intellectual property, and shall assist and not unreasonably interfere with the Non-Bankrupt Party in obtaining intellectual property and all embodiments of intellectual property from another entity;

17.17.3. the automatic stay under Section 362 of the U.S. Bankruptcy Code shall not apply to any instructions from the Non-Bankrupt Party to the Bankrupt Party relating to obtaining a duplicate of, or access to, the intellectual property pursuant to Section 17.17 of this Agreement; and

17.17.4. the "embodiments" of intellectual property includes all tangible, intangible, electronic or other embodiments of rights and licenses hereunder, including all embodying intellectual property, Regulatory Filings and related rights, Know-How and Manufacturing Know-How.

[**Signatures on next page**]

IN WITNESS WHEREOF, the Parties intending to be bound have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

MARUHO CO., LTD.		**JOURNEY MEDICAL CORPORATION**	
By:	/s/ Atsushi Sugita	By:	/s/ Claude Maraoui
Name:	Atsushi Sugita	Name:	Claud Maraoui
Title:	President and Chief Executive Officer	Title:	Chief Executive Officer

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Claude Maraoui, certify that:

1. I have reviewed this report on Form 10-Q of Journey Medical Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Claude Maraoui
Claude Maraoui
President and Chief Executive Officer
(Principal Executive Officer)
November 9, 2023

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph Benesch certify that:

1. I have reviewed this report on Form 10-Q of Journey Medical Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joseph Benesch
Joseph Benesch
Interim Chief Financial Officer
(Principal Financial Officer)
November 9, 2023

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Claude Maraoui, President and Chief Executive Officer of Journey Medical Corporation (the "Company"), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, to the best of my knowledge, the Company's quarterly report on Form 10-Q for the period ended September 30, 2023 (the "Report") filed with the Securities and Exchange Commission:

- Fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Claude Maraoui
Claude Maraoui
President and Chief Executive Officer
(Principal Executive Officer)
November 9, 2023

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph Benesch, Interim Chief Financial Officer of Journey Medical Corporation (the "Company"), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, to the best of my knowledge, the Company's quarterly report on Form 10-Q for the period ended September 30, 2023 (the "Report") filed with the Securities and Exchange Commission:

- Fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Benesch
Joseph Benesch
Interim Chief Financial Officer
(Principal Financial Officer)
November 9, 2023