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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K/A  
(Amendment No. 1)**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **June 9, 2022**

**Eagle Pharmaceuticals, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation)

**001-36306**  
(Commission File Number)

**20-8179278**  
(IRS Employer Identification No.)

**50 Tice Boulevard, Suite 315**  
**Woodcliff Lake, NJ**  
(Address of principal executive offices)

**07677**  
(Zip Code)

Registrant's telephone number, including area code: **(201) 326-5300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Common Stock (par value \$0.001 per share)	EGRX	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

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## EXPLANATORY NOTE

On June 9, 2022, Eagle Pharmaceuticals, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Original Form 8-K”) with the Securities and Exchange Commission (the “SEC”) to report the closing of the Company’s cash and share offer for the entire issued and to be issued share capital of Acacia Pharma Group plc, a public company organized under the laws of England and Wales (“Acacia Pharma”), effected by means of a court sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006 (the “Acquisition”).

This Amendment No. 1 to the Current Report on Form 8-K/A (this “Amendment No. 1”) amends the Original Form 8-K to provide the historical financial statements of Acacia Pharma as required under Item 9.01(a) and the pro forma financial information required under Item 9.01(b) not later than 71 calendar days after the date that the Original Form 8-K was required to be filed with the SEC. The pro forma financial information included in this Amendment No. 1 gives effect to certain pro forma events related to the Acquisition and has been presented for informational purposes only. It does not purport to represent the actual results of operations the Company and Acacia Pharma would have achieved had the Company held the assets of Acacia Pharma during the periods presented in the pro forma financial information. Moreover, it does not represent or purport to represent the future financial position or operating results of the Company following the Acquisition. Except as provided herein, the disclosures contained in this Amendment No. 1 have not been updated to reflect events, results or developments that have occurred since the filing of the Original 8-K. This Amendment should be read in conjunction with the Original 8-K.

### Item 9.01. Financial Statements and Exhibits.

#### (a) Financial Statements of Business Acquired

The historical audited consolidated financial statements of Acacia Pharma as of December 31, 2021 and 2020 and for the years then ended and the notes related thereto, and the independent auditors’ report thereon, are filed as Exhibit 99.1 and Exhibit 23.1, respectively, to this Amendment No. 1 and are incorporated herein by reference.

#### (b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial information of the Company and Acacia Pharma for the six months ended June 30, 2022 and the year ended December 31, 2021, and the notes related thereto, each giving effect to the Acquisition, are included as Exhibit 99.2 to this Amendment No. 1 and are incorporated herein by reference.

#### (d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">23.1</a>	<a href="#">Consent of PricewaterhouseCoopers LLP.</a>
<a href="#">99.1</a>	<a href="#">Audited consolidated financial statements of Acacia Pharma as of December 31, 2021 and 2020 and for the years then ended, and the notes related thereto.</a>
<a href="#">99.2</a>	<a href="#">Unaudited pro forma condensed combined financial information of the Company and Acacia Pharma for the six months ended June 30, 2022 and the year ended December 31, 2021, and the notes related thereto.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURES**

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

Dated: August 25, 2022

**EAGLE PHARMACEUTICALS, INC.**

By: /s/ Scott Tarriff  
Scott Tarriff  
*Chief Executive Officer*

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CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (Nos. 333-234742 and 333-202592) and Form S-8 (Nos. 333-228876, 333-216839, 333-213683, 333-206729, 333-194056 and 333-263869) of Eagle Pharmaceuticals, Inc. of our report dated August 25, 2022 relating to the financial statements of Acacia Pharma Group Limited, which appears in this Current Report on Form 8-K.

/s/ PricewaterhouseCoopers LLP  
Cambridge, United Kingdom  
August 25, 2022

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**Report of Independent Auditors**

To the Management and the Board of Directors of Acacia Pharma Group Limited

**Opinion**

We have audited the accompanying consolidated financial statements of Acacia Pharma Group Limited (formerly known as Acacia Pharma Group plc) and its subsidiaries (the “Group”), which comprise the consolidated statements of financial position as of 31 December 2021 and 2020, and the related consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP  
Cambridge, United Kingdom  
25 August 2022

## Consolidated Income Statement

	Note	2021 \$'000	2020 \$'000
Revenue	2	1,163	211
Cost of sales		(295)	(29)
<b>Gross profit</b>		<b>868</b>	<b>182</b>
Research and development expenses		(4,070)	(99)
Sales and marketing expenses		(31,995)	(19,438)
General and administrative expenses		(31,061)	(11,566)
<b>Operating loss</b>		<b>(66,258)</b>	<b>(30,921)</b>
Finance income	3	1,582	41
Finance expense	4	(3,338)	(3,212)
<b>Loss before income tax</b>	5	<b>(68,014)</b>	<b>(34,092)</b>
Taxation credit	8	940	614
<b>Loss for the financial year</b>		<b>(67,074)</b>	<b>(33,478)</b>
Basic and diluted losses per Ordinary Share (\$)	9	(0.68)	(0.46)

## Consolidated Statement of Comprehensive Income

	2021 \$'000	2020 \$'000
<b>Loss for the financial year</b>	<b>(67,074)</b>	<b>(33,478)</b>
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(1,815)	3,218
<b>Other comprehensive income / (expense) for the financial year</b>	<b>(1,815)</b>	<b>3,218</b>
<b>Total comprehensive expense for the financial year</b>	<b>(68,889)</b>	<b>(30,260)</b>

The notes on pages 6 to 27 form an integral part of these Group Financial Statements.

## Consolidated Statement of Financial Position

	Note	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Intangibles	11	30,608	52,168
Right-of-use asset	12	183	277
<b>Total Non-Current Assets</b>		<b>30,791</b>	<b>52,445</b>
<b>Current Assets</b>			
Trade and other receivables	13	1,085	461
Current income tax assets	8	1,653	574
Inventories	14	6,870	2,662
Cash and cash equivalents	15	21,615	46,693
<b>Total Current Assets</b>		<b>31,223</b>	<b>50,390</b>
<b>Total Assets</b>		<b>62,014</b>	<b>102,835</b>
<b>Equity and Liabilities</b>			
<b>Equity attributable to equity holders</b>			
Called up share capital	16	2,826	2,518
Share premium account	16	188,605	158,449
Profit and loss account		(69,374)	(2,269)
Share based payment reserve		10,307	6,485
Merger reserve		(106,625)	(106,625)
Foreign currency translation reserve		153	1,968
Treasury shares		(25)	(41)
<b>Total Equity</b>		<b>25,867</b>	<b>60,485</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and other borrowings	18	27,903	31,275
<b>Current liabilities</b>			
Trade and other payables	17	8,122	5,657
Loans and other borrowings	18	122	5,418
<b>Current liabilities</b>		<b>8,244</b>	<b>11,075</b>
<b>Total Liabilities</b>		<b>36,147</b>	<b>42,350</b>
<b>Total Equity and Liabilities</b>		<b>62,014</b>	<b>102,835</b>

The notes on pages 6 to 27 form an integral part of these Group Financial Statements

The Group Financial Statements on pages 2 to 27 were approved and authorised for issue by the board of Directors on 25 August 2022 and were signed on its behalf by:

**John Kimmet**  
Director  
25 August 2022

## Consolidated Cash Flow Statement

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities:</b>			
Cash used in operations	20	(44,619)	(26,104)
Income tax credit received		47	740
<b>Net cash used in operating activities</b>		<b>(44,572)</b>	<b>(25,364)</b>
<b>Cash flows from investing activities:</b>			
Interest received		2	41
<b>Net cash generated from investing activities</b>		<b>2</b>	<b>41</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of Ordinary Shares	16	33,176	51,933
Issue costs of Ordinary Shares	16	(2,713)	(3,533)
Repayments of lease liabilities – principal and interest		(118)	(115)
Loan proceeds	19	-	13,910
Loan repayments	19	(5,452)	(4,621)
Interest and fees paid on loans	19	(4,202)	(1,586)
<b>Net cash generated from financing activities</b>		<b>20,691</b>	<b>55,988</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(23,879)</b>	<b>30,665</b>
Cash and cash equivalents at beginning of the period		46,693	17,009
Effect of exchange rate movements on cash held		(1,199)	(981)
<b>Cash and cash equivalents at end of the period</b>	15	<b>21,615</b>	<b>46,693</b>



## Consolidated Statement of Changes in Equity

	Issued Share Capital \$'000	Share Premium \$'000	Profit and Loss account \$'000	Merger reserve \$'000	Share based payment reserve \$'000	Foreign currency translation reserve \$'000	Treasury Shares \$'000	Total Equity \$'000
<b>Equity at 1 January 2020</b>	<b>1,619</b>	<b>75,588</b>	<b>31,225</b>	<b>(106,625)</b>	<b>3,791</b>	<b>(1,250)</b>	-	<b>4,348</b>
Loss for the financial year	-	-	(33,478)	-	-	-	-	(33,478)
Other comprehensive income	-	-	-	-	-	3,218	-	3,218
Total comprehensive expense for the period	-	-	(33,478)	-	-	3,218	-	(30,260)
<b>Transactions with Owners</b>								
Issue of Ordinary Shares	832	86,394	-	-	-	-	-	87,226
Costs of issue of Ordinary Shares	-	(3,533)	-	-	-	-	-	(3,533)
Issue of Ordinary Shares to the EBT	57	-	-	-	-	-	(57)	-
Transfer of Treasury Shares to employees	-	-	(16)	-	-	-	16	-
Issue of shares on exercise of options	10	-	-	-	-	-	-	10
Employee share option scheme	-	-	-	-	2,694	-	-	2,694
<b>Equity at 31 December 2020</b>	<b>2,518</b>	<b>158,449</b>	<b>(2,269)</b>	<b>(106,625)</b>	<b>6,485</b>	<b>1,968</b>	<b>(41)</b>	<b>60,485</b>
<b>Equity at 1 January 2021</b>	<b>2,518</b>	<b>158,449</b>	<b>(2,269)</b>	<b>(106,625)</b>	<b>6,485</b>	<b>1,968</b>	<b>(41)</b>	<b>60,485</b>
Loss for the financial year	-	-	(67,074)	-	-	-	-	(67,074)
Other comprehensive income	-	-	-	-	-	(1,815)	-	(1,815)
Total comprehensive expense for the period	-	-	(67,074)	-	-	(1,815)	-	(68,889)
<b>Transactions with Owners</b>								
Issue of Ordinary Shares	274	32,505	-	-	-	-	-	32,779
Costs of issue of Ordinary Shares	-	(2,713)	-	-	-	-	-	(2,713)
Issue of Ordinary Shares to the EBT	31	-	-	-	-	-	(31)	-
Transfer of Treasury Shares to employees	-	49	(31)	-	-	-	47	65
Issue of shares on exercise of options	3	315	-	-	-	-	-	318
Employee share option scheme	-	-	-	-	3,822	-	-	3,822
<b>Equity at 31 December 2021</b>	<b>2,826</b>	<b>188,605</b>	<b>(69,374)</b>	<b>(106,625)</b>	<b>10,307</b>	<b>153</b>	<b>(25)</b>	<b>25,867</b>

**Notes to the Financial Statements****1. Summary of significant accounting policies****General information**

Acacia Pharma Group Limited (formerly Acacia Pharma Group plc prior to a name change effective 13 July 2022) is a private limited company (formerly a public limited company prior to re-registration on 13 July 2022), limited by shares, incorporated and domiciled in England and Wales with registered number 09759376. The Company's registered office is The Officers' Mess, Royston Road, Duxford, Cambridge CB22 4QH.

The principal activity of the Company and its subsidiaries (together "the Group") is that of a pharmaceutical business which discovers, develops and commercialises lower risk pharmaceutical product opportunities within its therapeutic areas of interest.

The Group's Financial Statements are presented as at and for the years ended 31 December 2021 and 2020.

**Purpose of these financial statements**

The consolidated financial statements of Acacia Pharma Group Limited have been prepared with the purpose of providing financial information to Eagle Pharmaceuticals, Inc. ("Eagle"), which acquired the Company effective 9 June 2022, to assist it in satisfying Eagle's reporting responsibilities under Regulation S-X, Rule 3-05.

**Basis of preparation**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee.

These consolidated financial statements have not been prepared under section 394 of the Companies Act 2006 and are not the Company's statutory financial statements.

These consolidated financial statements have been prepared on a going concern basis and under the historical cost convention. The principal accounting policies set out below have been consistently applied to all periods presented unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

**Changes in accounting policy and disclosures***(a) New standards, amendments and interpretations adopted by the Group*

No new standards have been adopted by the Group in the year ended 31 December 2021.

*(b) Standards, amendments and interpretations that are not yet effective and have not been early adopted*

There are no standards that are not yet effective and which would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**1. Summary of significant accounting policies (continued)****Basis of Consolidation**

All of the subsidiaries of the Group are 100% owned within the Group and have been included in the Group financial statements from the date of incorporation. The subsidiaries included are:

Acacia Pharma Limited (incorporated in England and Wales);

Acacia Pharma Inc (incorporated in the United States of America); and

Acacia Pharma (Ireland) Limited (incorporated in Ireland).

The insertion of Acacia Pharma Group Limited (formerly Acacia Pharma Group plc) as the holding company of Acacia Pharma Limited on 15 September 2015 did not meet the definition of a business combination in accordance with IFRS3 “Business Combinations” as Acacia Pharma Group Limited, subsequently re-registered as Acacia Pharma Group Limited (formerly Acacia Pharma Group plc), was a shell company and did not meet the definition of a business. Accordingly, upon consolidation, the transaction was accounted for as a reorganisation of Acacia Pharma Limited without any fair value uplift and a merger reserve of \$106,626,000 was created. The Group financial statements are presented using the historical carrying values from the financial statements of the acquired entity, Acacia Pharma Limited, but reflecting the share capital of Acacia Pharma Group Limited (formerly Acacia Pharma Group plc).

Subsidiary undertakings are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary undertakings are included in the Group financial statements from the date that control commences until the date that control ceases.

The Company has established an Employee Benefit Trust (“EBT”) to which it is the sponsoring entity. Notwithstanding the legal duties of the Trustees, the Company considers that it has ‘de facto’ control. The EBT is accounted for as assets and liabilities of the Company and are included in the consolidated financial statements. The Company’s equity instruments held by the EBT are accounted for as if they were the Company’s own equity instruments and are treated as treasury shares. No gain or loss is recognized in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company’s own equity held by the EBT.

All intra-group transactions, balances, income and expenses are eliminated in preparing the Group financial statements.

**Going concern**

The Group headed by Acacia Pharma Group Limited (formerly Acacia Pharma Group plc) was acquired by Eagle effective 9 June 2022. The Directors have prepared these financial statements on the going concern basis given that Eagle, the ultimate parent undertaking, has confirmed in writing to the Company its intention to provide adequate financial support such as to allow the Company to meet its liabilities as they fall due and to allow the continued operations of the Group and Company for a period of at least 12 months following the approval of these financial statements. The Company is expected to be reliant upon the support of Eagle. The Directors, based on their discussions with Eagle, have no knowledge of any fact, event, circumstance or condition that would materially impair the ability of Eagle to continue the business heretofore conducted by Acacia in substantially the manner heretofore conducted by Acacia.

**Foreign currency translation**

The Financial Statements are presented in US dollars, which is the Group’s functional and presentational currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or expense'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

## 1. Summary of significant accounting policies (continued)

### Foreign currency translation (continued)

#### *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented in foreign currencies are translated at the closing rate of exchange ruling at the end date of the financial year;
- income and expenses for each income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of less than three months and bank overdrafts.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

### Financial instruments

Financial assets and financial liabilities are recognized on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

#### *Financial assets*

##### *(i) Classification*

The Group classifies its financial assets as those to be measured at amortized cost. No assets are held by the Group at fair value through profit or loss.

##### *(ii) Recognition and derecognition*

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

##### *(iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

##### *(iv) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

*Financial liabilities**Borrowings*

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs and warrants issued) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

**1. Summary of significant accounting policies (continued)****Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Intangibles**

The separately acquired licence to Byfavo® is shown at historical cost, under the cost accumulation model, whereby contingent consideration, comprising development and sales milestones, is not considered upon initial recognition of the asset, but is added to the cost of the asset initially recorded when incurred. The license has a finite useful life, and is subsequently carried at cost less accumulated amortization and impairment losses. The licence is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Amortization is calculated on a straight-line basis over the patent life, being 7 years from FDA approval on 2 July 2020. Amortization is charged to general and administrative expenses in the income statement. Amortization on future sales milestones will be charged over the remaining patent life from the point of recognition.

**Revenue**

The Group generates all of its revenue from Product Sales. Revenue is recognized in accordance with IFRS15 'Revenue from Contracts with Customers'. Revenue on the sales of products to the customer is recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods to the customer (typically upon delivery, which is also when transfer of title occurs). The amount of revenue recognized is based on the consideration Acacia expects to receive in exchange for its goods, when it is highly probable that a significant reversal will not occur.

The consideration Acacia receives in exchange for its goods may be fixed or variable. The most common elements of variable consideration are commercial and government rebates, fee for service agreements, prompt pay discounts, returns and allowances, and chargebacks. Given the levels of revenue in the current year, these estimates are not considered significant.

The methodology and assumptions used to estimate rebates, discounts and returns are monitored and adjusted regularly in the light of contractual and legal obligations, management experience, projected market conditions, and other information that is reasonably available to us.

Provisions for revenue deductions are adjusted to actual amounts as rebates, discounts and returns are processed. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these revenue deductions.

### Research and development

Research costs are expensed in the Income statement in the year in which they are incurred. All research costs are included within research and development expenditure on the face of the Income statement.

All development expenditure is currently expensed in the year in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognized as an asset, as prescribed by IAS 38, "Intangible assets", are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalization as intangible assets.

## 1. Summary of significant accounting policies (continued)

### Pensions

The Group makes payments to defined contribution personal pension schemes. The assets of the schemes are held separately from the Group in independently administered funds. Contributions made by the Group are charged to the Income Statement in the year to which they relate.

### Share-based payments

#### a) Employee share schemes

Employees (including Directors) receive remuneration in the form of equity-settled share-based payments, whereby employees render services in exchange for shares or for rights over shares (e.g. share options). The fair value of the employee services received in exchange for the grant of options or shares is recognized as an expense. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the options or shares granted and adjusted for the expected level of vesting of non-market performance conditions and employees leaving the Group.

The share options are valued using a Black-Scholes option pricing model. Non-market based vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each year end date to allow for forecast leaving employees and the difference is charged or credited to the Income Statement, with a corresponding adjustment to the share-based payments reserve.

#### b) Loan warrants

Warrants over 201,330 shares in Acacia Pharma Group Limited (formerly Acacia Pharma Group plc) were issued with an exercise price of €3.22 under the Hercules loan agreement. As these warrants cannot be separated from the loan, they were fair-valued using a Black-Scholes option pricing model and offset against the amortized cost of the loan. The warrants remain outstanding, but are out of the money as of 31 December 2021 and 2020.

### Current and deferred income tax

Income tax on the result for the year comprises current and deferred tax. Income tax is recognized in the Income Statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Tax receivable arises from the UK legislation regarding the treatment of certain qualifying research and development costs, allowing for the surrender of tax losses attributable to such costs in return for a tax rebate.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Critical Accounting Estimates and Judgements

The preparation of the Financial Statements is in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee. This basis of preparation requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are the following:

#### 1. Summary of significant accounting policies (continued)

##### Critical Accounting Estimates and Judgements (continued)

###### *Impairment of Byfavo®*

At year end, the Company noted that there were potential impairment triggers, including the drop in market capitalization and challenges to liquidity. As a result, an impairment assessment was performed. On 28 March 2022 the proposed acquisition of the Company by Eagle was announced, in a deal valuing the Group at £79,513,010 (€94,700,000). This offer provided an observable fair value less costs to sell. This transaction value was adjusted for working capital movements between the balance sheet date and the deal completion date per the published deal timetable, which the Directors considered an appropriate approximation of the year end value of the Group. The Directors considered the excess value that the proposed transaction value, as adjusted, attributed to the intellectual property assets of the Group. The Directors considered the carrying value of the Byfavo® license in the context of this value, and concluded that an impairment charge of \$13,030,000 would be appropriate. The impairment charge was calculated by reviewing our current future cash flow forecasts and assessing the contribution from Byfavo®. This percentage was then applied to the adjusted valuation of the Group. The Directors considered other metrics, for example relative formulary wins to date. These were considered too short-term, and influenced by the later launch date of Byfavo®, to provide an accurate basis for valuation.

###### *Accounting treatment of intercompany loan between Acacia Pharma Limited and Acacia Pharma Inc.*

In 2018, Acacia Pharma Inc. took out a \$40 million loan facility with Acacia Pharma Limited, its immediate parent. The loan, which is for an initial three-year term, was renewed on maturity (31 December 2020), and is considered to be as permanent as equity. Accordingly, foreign exchange gains and losses are recorded in equity through Other Comprehensive Income. The impact of the judgement to treat the loan as permanent is to reduce the current year loss by \$1.3 million, being the foreign exchange loss currently recorded in equity.

#### 2. Segmental reporting

The Group has adopted IFRS 8, "Operating Segments". IFRS 8 defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resources. The Chief Operating Decision Maker has been identified as the Board of Directors.

The Directors are of the opinion that under IFRS 8 the Group has only one operating segment, being the development and commercialisation of intellectual property through direct sale of the protected products in the US. The Board of Directors assess the performance of the operating segment using financial information which is measured and presented in a manner consistent with that in the financial information. All revenue (2021: \$1,163,000, 2020: \$211,000) is generated in the US and recognized at a point in time.

**3. Finance income**

	2021 \$'000	2020 \$'000
Foreign exchange gains	1,580	-
Interest on short-term deposits	2	41
	<u>1,582</u>	<u>41</u>

**4. Finance expense**

	2021 \$'000	2020 \$'000
Foreign exchange losses	-	234
Finance charges on term loan	3,304	2,156
Finance charge on Cosmo debt-equity swap	-	788
Interest expense on lease liabilities	34	34
	<u>3,338</u>	<u>3,212</u>

**5. Loss before income tax**

Loss before income tax is stated after charging/(crediting):

	2021 \$'000	2020 \$'000
Expense relating to short-term leases	108	105
Auditors' remuneration:		
Fees payable to the Group's auditors for the audit of the financial statements	200	164
Fees payable to the Group's auditors for other services – other assurance services	-	230
Amortization of intangible assets	8,095	3,051
Impairment of intangible assets	13,030	-
Foreign exchange losses / (gains)	(1,580)	234

**6. Employees and Directors**

Analysis of payroll costs by category:

	2021 \$'000	2020 \$'000
Wages and salaries	17,612	13,394
Social security costs	1,182	841
Other pension costs (Note 21)	158	75
Share-based payments	3,822	2,694
	<u>22,774</u>	<u>17,004</u>



**6. Employees and Directors (continued)**

Average monthly number of persons (including Executive Directors) employed:

	2021 Number	2020 Number
Research and development	3	4
Sales and marketing	64	36
General and administration	7	7
	<u>74</u>	<u>47</u>

**Key Management Compensation**

	2021 \$'000	2020 \$'000
Salaries and short-term employee benefits	2,774	2,311
Post-employment benefits	33	52
Share-based payments	1,625	1,113
	<u>4,432</u>	<u>3,476</u>

The Group considers the Executive Director to be key management, together with the Chief Medical Officer, the Chief Financial Officer, the Chief Commercial Officer and the Company Secretary.

Directors' remuneration in the year ended 31 December 2021 totalled \$1,730,000 (2020: \$1,791,000), comprising:

- \$1,730,000 for aggregate emoluments (2020: \$1,789,000)
- \$ nil for employer pension contributions (2020: \$2,000)

**7. Share-based payments****Awards made under long-term incentive and other arrangements**

Share options are granted to directors and employees over ordinary shares in Acacia Pharma Group Limited (formerly Acacia Pharma Group plc). Prior to the Initial Global Offering (the "IPO"), options were awarded under the Acacia Pharma EMI Share Option Scheme (the EMI Scheme) and the Acacia Pharma Unapproved Share Option Scheme (the Unapproved Scheme). Following the IPO, new share options schemes were arranged, being the Acacia Pharma Group Performance Share Plan (the "PSP") and the Company Share Option Plan (the "CSOP").

Options granted under the Unapproved Scheme, the EMI Scheme and the CSOP have a fixed exercise price based on the market value of shares at the date of grant. Options granted under the PSP have a minimal or nil exercise price.

Options are usually conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date.

## 7. Share-based payments (continued)

	Performance Share Plan		Company Share Option Plan		EMI plan		Unapproved		Total	
	Options number	Weighted average exercise price (\$)	Options number	Weighted average exercise price (\$)	Options number	Weighted average exercise price (\$)	Options number	Weighted average exercise price (\$)	Options number	Weighted average exercise price (\$)
<b>Outstanding at 1 January 2020</b>	<b>3,659,852</b>	<b>0.00</b>	<b>44,444</b>	<b>1.89</b>	<b>1,517,476</b>	<b>0.11</b>	<b>767,500</b>	<b>2.27</b>	<b>5,989,272</b>	<b>0.33</b>
Granted in the year	786,000	0.00	-	-	-	-	-	-	786,000	0.00
Exercised during the year	(759,473)	0.00	-	-	(237,000)	0.03	-	-	(996,473)	0.01
Lapsed / forfeited during the year	(387,839)	0.00	-	-	-	-	-	-	(387,839)	0.37
<b>Outstanding at 31 December 2020</b>	<b>3,298,540</b>	<b>0.00</b>	<b>44,444</b>	<b>1.89</b>	<b>1,280,476</b>	<b>0.13</b>	<b>767,500</b>	<b>2.27</b>	<b>5,390,960</b>	<b>0.80</b>
<b>Exercisable at 31 December 2020</b>	<b>332,040</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>1,280,476</b>	<b>0.13</b>	<b>767,500</b>	<b>2.27</b>	<b>2,380,016</b>	<b>0.80</b>
<b>Weighted average life remaining - 2020</b>	<b>8.58</b>		<b>7.97</b>		<b>3.03</b>		<b>5.07</b>		<b>5.95</b>	

	Performance Share Plan		Company Share Option Plan		EMI plan		Unapproved		Total	
	Options number	Weighted average exercise price (\$)	Options number	Weighted average exercise price (\$)	Options number	Weighted average exercise price (\$)	Options number	Weighted average exercise price (\$)	Options number	Weighted average exercise price (\$)
<b>Outstanding at 1 January 2021</b>	<b>3,298,540</b>	<b>0.00</b>	<b>44,444</b>	<b>1.89</b>	<b>1,280,476</b>	<b>0.13</b>	<b>767,500</b>	<b>2.27</b>	<b>5,390,960</b>	<b>0.80</b>
Granted in the year	2,788,644	0.00	-	-	-	-	-	-	2,788,644	0.00
Exercised during the year	(1,312,242)	0.00	-	-	(443,829)	0.15	(116,000)	3.06	(1,872,071)	0.23
Lapsed / forfeited during the year	(174,653)	0.00	-	-	-	-	-	-	(174,653)	0.00
<b>Outstanding at 31 December 2021</b>	<b>4,600,289</b>	<b>0.00</b>	<b>44,444</b>	<b>1.89</b>	<b>836,647</b>	<b>0.11</b>	<b>651,500</b>	<b>2.13</b>	<b>6,132,880</b>	<b>0.26</b>
<b>Exercisable at 31 December 2021</b>	<b>316,666</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>836,647</b>	<b>0.11</b>	<b>651,500</b>	<b>2.13</b>	<b>1,804,813</b>	<b>0.82</b>
<b>Weighted average life remaining - 2021</b>	<b>7.77</b>		<b>6.97</b>		<b>1.85</b>		<b>4.14</b>		<b>6.57</b>	

Awards granted under the Performance Share Plan (“PSP”) consist of 978,300 Long-Term Incentive Plan share option awards made to executive directors and other senior management, certain of which contain performance related conditions; and 3,621,989 Performance Share Awards (“PSA”) issued to staff, including non-executive directors.

Of the 6,132,880 outstanding options (2020: 5,390,961), 1,804,813 options (2020: 2,047,976) were exercisable at 31 December 2021.

Options exercised in 2021 resulted in 1,145,472 shares (2020: 996,473, 2019: 1,558,993), being issued to the EBT, and a further 116,000 shares issued to the relevant employee. 1,872,071 shares were transferred to employees on the exercise of options / vesting of RSUs at a weighted average exercise price of \$0.23 each during the year ended 31 December 2021. The related weighted average share price at the time of exercise was €1.65 per share.

## 7. Share-based payments (continued)

Share options and PSP awards outstanding at 31 December 2021, have the following expiry date and exercise prices:

Grant date	Vesting date	Expiry date	Exercise price (£)	Outstanding at 31 December	
				2021 (number)	2020 (number)
04/07/2011	02/07/2014	02/07/2021	0.1	-	430,829
07/03/2012	06/03/2015	06/03/2022	0.1	138,515	151,515
22/10/2013	20/10/2016	21/10/2023	0.1	410,770	410,770
04/09/2014	02/09/2017	03/09/2024	0.02	281,987	281,987
28/08/2015	05/03/2018	27/08/2025	0.02	161,000	161,000
28/08/2015	05/03/2018	27/08/2025	2	189,000	305,000
23/02/2016	05/03/2018	22/02/2026	2	200,000	200,000
21/12/2016	05/03/2018	20/12/2026	0.02	-	-
30/12/2016	05/03/2018	29/12/2026	0.02	1,500	1,500
30/12/2016	05/03/2018	29/12/2026	0.02	5,375	5,375
31/10/2017	05/03/2018	30/10/2027	2	100,000	100,000
01/03/2018	28/02/2021	28/02/2028	0.02	-	-
18/12/2018	17/12/2021	17/12/2028	-	90,000	874,500
18/12/2018	17/12/2021	17/12/2028	-	-	355,000
19/12/2018	18/12/2021	18/12/2028	1.35	44,444	44,444
31/07/2019	30/07/2022	30/07/2029	-	89,000	89,000
04/09/2019	31/07/2022	30/07/2029	-	741,125	767,000
04/09/2019	31/07/2022	30/07/2029	0.02	55,000	55,000
04/09/2019	26/02/2020	30/07/2029	-	-	-
04/09/2019	26/02/2020	30/07/2029	0.02	95,270	262,040
04/09/2019	31/12/2021	30/07/2029	0.02	170,000	170,000
21/07/2020	20/07/2023	20/07/2030	-	182,000	203,500
21/07/2020	31/12/2020	20/07/2030	-	113,333	113,333
21/07/2020	31/12/2021	20/07/2030	-	113,333	113,333
21/07/2020	31/12/2022	20/07/2030	-	113,334	113,334
21/07/2020	20/07/2023	20/07/2030	0.02	50,000	50,000
03/12/2020	02/12/2023	02/12/2030	-	92,500	132,500
29/03/2021	31/03/2024	28/03/2031	0.02	261,850	-
29/03/2021	31/03/2024	28/03/2031	-	1,735,195	-
29/03/2021	31/12/2023	28/03/2031	0.00	88,349	-
29/03/2021	30/09/2023	28/03/2031	0.00	150,000	-
28/06/2021	27/06/2022	27/06/2031	0.00	110,000	-
28/06/2021	27/06/2023	27/06/2031	0.00	110,000	-
28/06/2021	27/06/2024	27/06/2031	0.00	110,000	-
28/09/2021	27/09/2024	27/09/2031	0.00	130,000	-
				<b>6,132,880</b>	<b>5,390,960</b>

The weighted average fair value of share options and PSP share option awards granted in the year determined using the Black Scholes valuation model was \$2.83 per award for the year ended 31 December 2021 (2020: \$2.79).

### 7. Share-based payments (continued)

The significant inputs into the Black-Scholes model were:

	2021	2020
Share price at grant	\$2.43 - \$2.90 dependent on grant date	\$2.14 - \$2.85 dependent on grant date
Exercise price	As shown above	As shown above
Expected option life	10 years	10 years
Dividend yield	0%	0%
Annual risk-free rate	0.27%	0.13% - 0.27 % dependent on grant date
Share price volatility	72%	50%

Share price volatility has been derived based on the historic volatility of Acacia shares.

See note 6 for the total expense recognized in the income statement for share options and PSP awards granted to directors and employees.

### 8. Taxation credit

	2021 \$'000	2020 \$'000
<b>Current tax</b>		
Current year tax credit	978	560
Prior year adjustments	(38)	54
<b>Total tax credit</b>	<u>940</u>	<u>614</u>

#### Analysis of taxation credit in the year

The Group is entitled to claim tax credits in the United Kingdom for certain research and development expenditure under the SME scheme. The amount included in the financial statements includes the credit receivable by the Group for the year. The 2021 amounts have not yet been agreed with the relevant tax authorities. The 2020 tax credit was received in January 2022.

There is no current tax charge in the year as the Group has losses brought forward and is entitled to a cash tax credit in the United Kingdom for certain research and development expenditure. The repayable tax credit for each year is lower than the credit that would be repayable at the standard rate of corporation tax in the UK applicable of 19% (2020: 19%). The differences are explained in the following table:

### 8. Taxation credit (continued)

#### Tax reconciliation

	2021 \$'000	2020 \$'000
Loss before income tax	(68,014)	(34,092)
Loss before income tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(12,923)	(6,478)
Tax effect of:		
Expenses not deductible for tax purposes	176	233
Temporary differences	726	512
Additional deduction for R&D expenditure	(878)	(425)
Surrendered losses for R&D tax credit	639	327
Items for which no deferred tax asset was recognized	11,567	5,311
Utilization of losses	(285)	(40)
Prior year adjustments	38	(54)
	<u>(940)</u>	<u>(614)</u>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

As at 31 December 2021, the unrecognized deferred tax assets relating to operating losses amounted to \$33,803,000 (2020: \$14,123,000).

These have not been recognized due to the uncertainty over the utilization of the losses.

### 9. Basic and diluted losses per Ordinary Share

Basic and diluted losses per Ordinary Share is calculated by dividing the loss for the financial year by the weighted average number of Ordinary Shares in issue during the year. The losses and weighted average number of shares used in the calculations are set out below:

	2021	2020
Losses per Ordinary Share		
Loss for the financial year (\$'000)	(67,074)	(33,478)
Weighted average number of Ordinary Shares (basic) (thousands)	98,402	73,580
Losses per Ordinary Share basic (\$)	(0.68)	(0.46)

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares held by the EBT which are accounted for as treasury shares.

Share options are anti-dilutive in both 2021 and 2020 for the purposes of the losses per share calculation and their effect is therefore not considered.

**10. Financial instruments and financial risk management****General objectives, policies and processes**

The Group's activities expose it to a variety of financial risks including market risk (including currency risk), credit risk, liquidity risk and interest rate cash flow risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The Group does not currently use derivative financial instruments to hedge risk exposures.

The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements. The significant accounting policies regarding financial instruments are disclosed in note 1.

**Principal financial instruments**

The principal financial instruments used by the Group, from which financial risk arises, are set out below:

	2021 \$'000	2020 \$'000
<b>Financial assets as per statement of financial position</b>		
Trade and other receivables	411	58
Cash and cash equivalents	21,615	46,693
<b>Total</b>	<b>22,026</b>	<b>46,751</b>
	2021 \$'000	2020 \$'000
<b>Financial liabilities as per statement of financial position</b>		
Loans and other borrowings	28,017	36,693
Trade and other payables	7,754	5,271
<b>Total</b>	<b>35,771</b>	<b>41,964</b>

All financial assets are loans and receivables. All financial liabilities are held at amortized cost.

**10. Financial instruments and financial risk management (continued)****Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the amount of funding required for the drug development programme and commercialization of Barhemsys® and Byfavo®. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. For additional detail on liquidity, see the viability statement on page 14.

The principal liabilities of the Group are the term loan, which matures in 2025 as set out in note 18 and trade and other payables in respect of the development programme and provision of research services including purchase of laboratory supplies, consumables and related scientific services, as well as sales and marketing costs, manufacturing costs and administrative costs associated with the Group's business. Trade and other payables are all payable within one month. The Board reviews cash flow projections on a regular basis as well as information on cash balances.

**10. Financial instruments and financial risk management (continued)****Credit risk**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings. The majority of the Group's cash assets are held in AAA rated instruments or institutions.

	2021 \$'000	2020 \$'000
<b>Trade and other receivables</b>		
AAA	411	58
<b>Total unimpaired receivables</b>	<b>411</b>	<b>58</b>
<b>Cash at bank and short-term deposits</b>		
AAA	14,685	25,001
A	6,930	21,692
<b>Total cash and cash equivalents</b>	<b>21,615</b>	<b>46,693</b>

Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions, given the limited revenue generated in the year. Credit risk is managed by ensuring all cash and cash equivalents are deposited with established UK and US banking institutions of high repute and at least an A credit rating.

**Interest rate cash flow risk**

The Group is exposed to interest rate cash flow risk in respect of surplus funds held on deposit. The directors do not consider this risk to be significant.

The Group is also exposed to some interest rate cash flow in respect of the term loans. The interest rate on the Hercules loan, which was repaid in the year, was based on the greater of 9.25% or the Wall Street Journal prime rate plus 4.5%. The interest rate on the Cosmo loan is 11% until security is granted, after which the interest rate will decrease to 9%. The directors do not consider this risk to be significant.

**Currency risk**

From 2020, the greater proportion of costs have been incurred in US dollars and going forward the Group expects its revenues and costs to be predominantly US dollar-based, with the exception of manufacturing costs, which are incurred in Euros. The Group therefore holds a portion of cash in Euros to meet upcoming manufacturing needs. Accordingly, the Group has not been exposed to material transactional currency risk although some translational risks arose on consolidation.

**Capital risk management**

The Group's objectives, when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure. Total capital, which is the Group's primary source of funding, is calculated as "Total equity" as shown in the Statement of Financial Position. In order to maintain or adjust the capital structure, the Group may issue new shares or in future adjust the amount of dividends paid to Shareholders or return capital to Shareholders.

The Group has no undrawn committed borrowing facilities at year end in either of 2021 or 2020.

## 11. Intangibles

	Byfavo® licence \$'000
<b>Year ended 31 December 2020</b>	
<b>Opening net book amount</b>	-
Additions	51,359
Amortization	(3,051)
Foreign exchange differences	3,860
<b>Closing net book amount</b>	<b>52,168</b>
<b>At 31 December 2020</b>	
Cost or fair value	55,219
Accumulated amortization	(3,051)
<b>Net book amount</b>	<b>52,168</b>
<b>Year ended 31 December 2021</b>	
<b>Opening net book amount</b>	<b>52,168</b>
Additions	-
Amortization charge	(8,095)
Impairment charge	(13,030)
Foreign exchange differences	(435)
<b>Net book amount</b>	<b>30,608</b>
<b>At 31 December 2021</b>	
Cost or fair value	54,784
Accumulated amortization and impairments	(24,176)
<b>Net book amount</b>	<b>30,608</b>

At year end, the Company noted that there were potential impairment triggers, including the drop in market capitalization and challenges to liquidity. As a result, an impairment assessment was performed. On 28 March 2022 the proposed acquisition of the Company by Eagle was announced, in a deal valuing the Group at £79,513,010 (€94,700,000). This offer provided an observable fair value less costs to sell. This transaction value was adjusted for working capital movements between the balance sheet date and the deal completion date per the published deal timetable, which the Directors considered an appropriate approximation of the year end value of the Group. The Directors considered the excess value that the proposed transaction value, as adjusted, attributed to the intellectual property assets of the Group. The Directors considered the carrying value of the Byfavo® license in the context of this value, and concluded that an impairment charge of \$13,030,000 would be appropriate. The impairment charge was calculated by reviewing our current future cash flow forecasts and assessing the contribution from Byfavo®. This percentage was then applied to the adjusted valuation of the Group. The Directors considered other metrics, for example relative formulary wins to date. These were considered too short-term, and influenced by the later launch date of Byfavo®, to provide an accurate basis for valuation. If the contribution by Byfavo were increased to 30%, the impairment would reduce by \$7,652,000. If the contribution by Byfavo were decreased to 20%, the impairment would increase by \$5,101,000.



**11. Intangibles (continued)**

The intangible asset acquired in 2020 represents amounts paid to Cosmo for the Byfavo® license. Amortization is included within general and administrative expenses in the income statement. Under the terms of the agreement, a number of milestones became payable during 2020 as set out below. No milestones were payable in 2021.

<b>Date</b>	<b>Number of shares issued</b>	<b>Milestone</b>	<b>Fair value \$'000</b>
January 2020	4,646,841	€15 million on contract inception	11,959
July 2020	4,923,811	€15 million on Byfavo® approval	16,421
July 2020	-	€15 million on Byfavo® approval – cash payment	16,844
December 2020	2,099,958	€5 million on Byfavo® commercial milestone	6,135
<b>As at 31 December 2020</b>			<b>51,359</b>

The remaining useful economic life at 31 December 2022 is 5.5 years (2020: 6.5 years). Additional commercial milestones will become payable on sales above certain levels.

**12. Leases**

This note provides information for leases where the group is a lessee.

i) *Amounts recognized in the statement of financial position*

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Right of use assets</b>		
Buildings	<b>183</b>	277
	<b>183</b>	277
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Lease liabilities</b>		
Current	<b>122</b>	120
Non-current	<b>103</b>	189
	<b>225</b>	<b>309</b>

ii) *Amounts recognized in the income statement*

The income statement shows the following amounts relating to leases:

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Depreciation charge of right of use assets	<b>95</b>	95
Interest expense (included in finance cost)	<b>34</b>	34
Expense relating to short-term leases (included in general and administrative expenses)	<b>108</b>	105

The total cash outflow for leases in 2021 was \$227,000 (2020: \$220,000).

### 13. Trade and other receivables

	2021 \$'000	2020 \$'000
Trade receivables	411	58
Other receivables	646	363
Prepayments and accrued income	29	40
	<u>1,086</u>	<u>461</u>

The fair value of trade and other receivables is considered materially equal to their carrying value. Loss allowances are \$nil (2020: \$nil).

### 14. Inventories

	2021 \$'000	2020 \$'000
Raw materials	1,882	401
Work in progress	591	936
Finished goods	4,397	1,325
	<u>6,870</u>	<u>2,662</u>

#### *Amounts recognized in profit or loss*

Inventories recognized as an expense during the year ended 31 December 2021 amounted to \$295,000 (2020: \$29,000) included in cost of sales. This includes the write-down of \$105,000 of short-dated Byfavo® inventory obtained as part of the Cosmo transaction in 2020.

### 15. Cash and cash equivalents

The Group retains all cash on instant access accounts in Sterling, Euros and US dollars.

	2021 \$'000	2020 \$'000
Sterling accounts	827	663
Euro accounts	6,557	29,516
US Dollar accounts	14,231	16,514
	<u>21,615</u>	<u>46,693</u>

## 16. Called up share capital and share premium account

Share capital and premium	Ordinary shares of £0.02 Number	Ordinary shares of £0.02 \$'000	Share premium \$'000
<b>At 1 January 2020</b>	<b>54,888,198</b>	<b>1,619</b>	<b>75,588</b>
Issue of Ordinary Shares	34,709,753	899	86,394
Issue costs	-	-	(3,533)
<b>At 31 December 2020 and 1 January 2021</b>	<b>89,597,951</b>	<b>2,518</b>	<b>158,449</b>
Issue of Ordinary Shares	11,261,472	308	32,820
Issue costs	-	-	(2,713)
Transfer of shares to employees from EBT	-	-	49
<b>At 31 December 2021</b>	<b>100,859,423</b>	<b>2,826</b>	<b>188,605</b>

## Share option exercises

In 2020, 996,473 shares were issued upon the exercise of share options or vesting of RSUs, resulting in proceeds of \$10,000. Shares issued in 2021 upon the exercise of share options or vesting of RSUs are set out in the table below:

Date of issue	Number of shares issued	Proceeds \$'000
20 January 2021	30,000	82
4 February 2021	31,500	86
12 February 2021	30,000	82
26 February 2021	24,500	47
17 December 2021	1,145,472	31
	<b>1,261,472</b>	<b>328</b>

## The Acacia Pharma Employee Benefit Trust

The Company established a Trust on 7 December 2018 in order to distribute shares to employees enabling obligations under the Performance Share Plan, the Company Share Option Plan and the Deferred Annual Bonus Plan to be met. The Trust is managed by Ocorian Trustees (Jersey) Limited, an independent company located in Jersey.

At 31 December 2021, the Trust held 1,002,584 (2020: 1,613,182) ordinary shares in the Company with a market value of \$1.4 million (2020: \$5.2 million). All of the shares are under option.

The Group accounts for its own shares held by the Trustees of the Employee Benefit Trust (EBT) as a deduction from Shareholders' funds. The costs of running the EBT are charged to the Company's profit and loss account as they occur and are financed by advances from the Company.

#### 16. Called up share capital and share premium account (continued)

The Acacia Pharma Employee Benefit Trust

	2021	2020
Number of shares in the Company owned by the EBT	1,002,584	1,613,182
Nominal value of shares held	\$ 25,126.37	\$ 41,526.58
Cost price of shares held	\$ 25,126.37	\$ 41,526.58
Market value of 1 share at 31 December 2021	\$ 1.44	\$ 3.25
Total market value of shares	\$ 1,444,335.47	\$ 5,242,841.50
Maximum number of shares in the Company owned by the EBT in the year	2,161,055	2,218,264
Minimum number of shares in the Company owned by the EBT in the year	1,002,584	nil

#### 17. Trade and other payables

	2021	2020
	\$'000	\$'000
Trade payables	2,756	1,144
Tax and social security	368	386
Accruals and other creditors	4,998	4,128
	<u>8,122</u>	<u>5,657</u>

#### 18. Loans and other borrowings

##### Term bank loan

A term loan facility with Hercules Capital was drawn on 29 June 2018. The initial tranche drawn was \$10 million and costs of \$644k were incurred. The loan bore interest at the higher of 9.25% or the Wall Street Journal prime rate plus 4.5%, bore a final payment charge of 3.95% of the principal, and was interest only until January 2020. Thereafter the principal and interest on the loan was repayable in 25 equal monthly instalments. The loan was fully repaid in May 2021. Warrants over 201,330 Ordinary Shares, exercisable at €3.22 per share, were issued to Hercules Capital as part of the terms of the loan facility.

A term loan facility with Cosmo Pharmaceuticals N.V. was entered into on 10 January 2020. The initial tranche of €15 million was drawn down on 27 July 2020, and used to pay Cosmo the milestone due on Byfavo® approval. The second tranche of €10 million was drawn down on 27 September 2020. The loan bears an interest rate of 11% until security has been granted, after which the interest rate will be 9%. The loan is interest-only for 36 months, after which the loan will be repayable in 24 monthly instalments.

**Lease liability**

Lease payments represent amounts payable by the Company for its office property held under long-term leases, discounted at 9.75%. For further information see note 11.

	2021 \$'000	2020 \$'000
<b>Loans and other borrowings payable within one year</b>		
Term loans, amounts payable within one year	-	5,298
Lease liability, amounts payable within one year	122	119
<b>Total Loans and other borrowings payable within one year</b>	<b>122</b>	<b>5,417</b>

**18. Loans and other borrowings (continued)**

<b>Loans and other borrowings payable after one year</b>		
Term loans, amounts payable after one year	27,792	31,087
Returns reserve	8	-
Lease liability, amounts payable after one year	103	189
<b>Total Loans and other borrowings payable after one year</b>	<b>27,903</b>	<b>31,276</b>

The carrying amount of the Group's borrowings are denominated in the following currencies:

	2021 \$'000	2020 \$'000
Euro	27,792	30,753
US dollar	225	5,940
	<b>28,017</b>	<b>36,693</b>

The fair value of non-current borrowings is \$28.2 million, based on cash flows discounted using a rate based on the borrowing rate of each loan. The fair values of current borrowings are considered to equal their carrying value, as the impact of discounting is not significant.

**19. Reconciliation of movement in liabilities from financing activities**

	Term Loans \$'000	Lease liability \$'000	Total \$'000
<b>As at 1 January 2020</b>	<b>9,765</b>	<b>389</b>	<b>10,154</b>
Finance expense and exchange movements	2,098	3	2,132
Other non-cash movements <sup>1</sup>	16,843	-	16,843
Cash inflows	13,910	-	13,910
Cash outflows	(6,231)	(115)	(6,346)
<b>As at 31 December 2020</b>	<b>36,385</b>	<b>308</b>	<b>36,693</b>

- Following approval of Byfavo® on 2 July 2020, a milestone payment of €15 million to Cosmo became due, and €15 million in loan facility, also with Cosmo, became available. The loan was drawn down on 27 July 2020, and was set off against the milestone liability.

	Term Loans \$'000	Lease liability \$'000	Total \$'000
<b>As at 1 January 2021</b>	<b>36,385</b>	<b>308</b>	<b>36,693</b>
Finance expense and exchange movements	1,061	35	1,096
Cash outflows	(9,654)	(118)	(9,772)
<b>As at 31 December 2021</b>	<b>27,792</b>	<b>225</b>	<b>28,017</b>

**20. Cash used in operations**

	2021 \$'000	2020 \$'000
Loss before income tax	(68,014)	(34,092)
Adjustments for:		
Share-based payments	3,822	2,694
Foreign exchange (gain)/loss	(1,580)	234
Finance expense	3,338	2,977
Finance income	(2)	(41)
Depreciation and amortization	8,189	3,146
Impairment of intangibles	13,030	-
Changes in working capital		
- Decrease / (Increase) in trade and other receivables	(801)	(150)
- (Increase) in inventory	(4,187)	(2,662)
- Increase / (Decrease) in trade and other payables	1,587	1,490
<b>Cash used in operations</b>	<b>(44,619)</b>	<b>(26,104)</b>

**21. Pensions**

The Group contributes to a money purchase pension scheme for employees (including Directors). The assets of the scheme are held separately from those of the Group in an independently administered fund.

	2021 \$'000	2020 \$'000
Amount paid during the year	158	75
Amount outstanding at the year end	-	-

**22. Commitments and contingencies***a) Commitments on expenditure*

Expenditure contracted for at 31 December 2021 but not yet incurred is as follows:

	2021 \$'000	2020 \$'000
Inventory	4,718	1,548
Research and development expenditure	1,192	736
<b>Total</b>	<b>5,910</b>	<b>2,284</b>

## b) Short-term lease commitments

Lease payments represent amounts payable by the Group for its office property held under short-term (< 1 year) leases. The future aggregate minimum lease payments under non-cancellable short-term operating leases at year end were as follows:

	2021 \$'000	2020 \$'000
Payments under short-term leases which fall due:		
Within 1 year	24	25
<b>Total</b>	<b>24</b>	<b>25</b>

**23. Related party disclosures**

During the year ended 31 December 2021, the Group entered into a number of transactions with Cosmo as set out below:

- €209,858 in respect of packaging and manufacturing services
- €11,598 in respect of legal fees in relation to the equity raise in February 2021
- €2,750,000 in respect of loan interest payments

Balances outstanding with Cosmo as at the balance sheet date are:

- Loan balance of €25 million (2020: €25 million)

In the year ended 31 December 2020, the Company entered into a number of transactions with Cosmo after the initial equity investment in January 2020:

- Amendment to loan facility and replacement with €10 million equity investment at a price of €3.112 per share, representing a 4.1% premium on the closing share price
- Payment of €1.1 million break fee, satisfied by the issue of 367,893 Ordinary shares
- Payment of Byfavo® approval milestone on 27 July 2020
- Draw down of €10 million loan on 28 September 2020
- €5 million in satisfaction of a Byfavo® commercial milestone, satisfied by the issue of 2,099,958 Ordinary shares

**24. Ultimate controlling party**

Prior to the acquisition by Eagle, the Group had a number of different Shareholders and the Directors considered that the Group does not have a single controlling party. Following the acquisition on 9 June 2022, the Group has a single shareholder, Eagle. Eagle's common stock has been listed on The Nasdaq Global Market under the symbol "EGRX" since 12 February 2014, and Eagle does not have a single controlling party.

**25. Post period events**

Effective 9 June 2022 Eagle acquired all of the outstanding Ordinary shares of the Company by way of a scheme of arrangement. Upon consummation of this transaction, the Company became a wholly-owned subsidiary of Eagle.

On 13 July 2022 Acacia Pharma Group Plc re-registered from a public limited company to a private limited company and in the process changed its name to Acacia Pharma Group Limited.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

**Introduction**

The following unaudited pro forma condensed combined financial information (the “Pro Forma Financial Information”), which includes the unaudited pro forma combined statement of operations for the six months ended June 30, 2022 and for the year ended December 31, 2021 (the “pro forma statement of operations”), has been prepared on the basis set out in the notes below to illustrate the effect of the transaction.

On June 9, 2022, Eagle Pharmaceuticals, Inc. (the “Company”, or “Eagle”) completed the acquisition (the “Acquisition”) of Acacia Pharma Group plc (“Acacia”), pursuant to the terms of a Scheme Document relating to the Acquisition published by Acacia on April 27, 2022 (the “Scheme Document”). In connection with the consummation of the Acquisition each Acacia shareholder became entitled to receive €0.68 in cash and 0.0049 shares of common stock of the Company for each Acacia share held by such shareholder. In connection with settlement of the cash consideration and share consideration to the Acacia shareholders, the Company paid: (i) €71,615,407 in cash and (ii) issued 516,024 shares of the Company’s common stock, par value \$0.001 per share, in each case upon the terms and subject to the conditions of the Scheme Document.

Eagle’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and Acacia’s financial statements have been prepared in accordance with international financial reporting standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), including interpretations issued by the IFRS Interpretations Committee.

Upon completion of the Acquisition, Acacia became a wholly owned subsidiary of the Company. Accounting for the Acquisition is dependent upon certain information, including valuation reports that have not yet been finalized. The Company cannot finalize the accounting for the Acquisition until that information is available in final form. Therefore, the acquired assets and assumed liabilities have been measured based on various preliminary estimates using assumptions that the Company believes are reasonable, utilizing information that is currently available. Differences between these preliminary estimates and the final acquisition accounting could have a material impact on the accompanying pro forma financial statements and the combined company’s future results of operations and financial position. The Company intends to finalize the Acquisition accounting as soon as practicable within the required measurement period, but in no event later than one year following completion of the Acquisition, which is June 9, 2023. The Company is not required to, and therefore currently does not intend to, update these pro forma results as presented herein, including for any changes in connection with finalizing the Acquisition accounting.

The Pro Forma Financial Information is not necessarily indicative of what the combined Company’s results of operations actually would have been had the transaction been completed as of the dates indicated. In addition, the Pro Forma Financial Information does not purport to project the future financial position or operating results of the combined company. The pro forma adjustments are based on the best information available at the time of the preparation of the Pro Forma Financial Information and certain assumptions that the Company believes to be reasonable. The pro forma financial statements set forth below give effect to the Acquisition as well as the application of the acquisition method of accounting under ASC 805. The pro forma financial statements should be read in conjunction with:

- The Company’s audited consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021;
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- The Company's unaudited condensed consolidated financial statements and related notes included in the Company's Quarterly Report on Form 10-Q for the three and six months ended June 30, 2022; and
- Acacia's audited consolidated financial statements and related notes for the year ended December 31, 2021, which are included as an exhibit to the Current Report on Form 8-K/A to which the Pro Forma Financial Information is also included as an exhibit.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only and is not necessarily indicative of what the Company's financial position or results of operations actually would have been had the acquisition been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations the Company and Acacia would have achieved had the Company held the assets of Acacia during the periods presented in the pro forma financial information. Moreover, it does not represent or purport to represent the future financial position or operating results of the Company following the Acquisition.

The unaudited pro forma condensed combined financial statements do not reflect the realization of potential cost savings, or any related restructuring or integration costs that may result from the integration of Acacia. Although the Company believes that certain cost savings may result from the Acquisition, there can be no assurance that these cost savings will be achieved.

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**EAGLE PHARMACEUTICALS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2021**  
(In thousands, except share and per share amounts)

	Eagle Historical	Acacia (As adjusted) Note 3	Transaction Accounting Adjustments	Note 5	Pro Forma Combined Company
<b>Revenue:</b>					
Product sales, net	\$ 65,023	\$ 1,163	\$ —		\$ 66,186
Royalty revenue	106,523	—	—		106,523
Total revenue	<u>171,546</u>	<u>1,163</u>	<u>—</u>		<u>172,709</u>
<b>Operating expenses:</b>					
Cost of product sales	31,528	21,420	5,633	a	58,581
Cost of royalty revenue	10,652	—	—		10,652
Research and development	51,275	3,130	—		54,405
Selling, general and administrative	75,322	41,931	11,949	b	129,202
Total operating expenses	<u>168,777</u>	<u>66,481</u>	<u>17,582</u>		<u>252,840</u>
Income (loss) from operations	2,769	(65,318)	(17,582)		(80,131)
Interest income	560	1,582	—		2,142
Interest expense	(1,635)	(3,338)	672	c	(4,301)
Other expense	(6,242)	—	—		(6,242)
Total other (expense) income, net	<u>(7,317)</u>	<u>(1,756)</u>	<u>672</u>		<u>(8,401)</u>
<b>Loss before income tax provision</b>	<b>(4,548)</b>	<b>(67,074)</b>	<b>(16,910)</b>		<b>(88,532)</b>
Income tax provision	(4,079)	—	—	d	(4,079)
<b>Net loss</b>	<b><u>\$ (8,627)</u></b>	<b><u>\$ (67,074)</u></b>	<b><u>\$ (16,910)</u></b>		<b><u>\$ (92,611)</u></b>
Loss per share attributable to common stockholders:					
Basic	\$ (0.66)				\$ (6.83)
Diluted	\$ (0.66)				\$ (6.83)
Weighted average number of common shares outstanding:					
Basic	13,051,095				13,567,119
Diluted	13,051,095				13,567,119

**EAGLE PHARMACEUTICALS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**For the Period Ended June 30, 2022**  
(In thousands, except share and per share amounts)

	Eagle Historical	Acacia (January 1, 2022 through June 8, 2022, as adjusted) Note 3	Transaction Accounting Adjustments	Note 5	Pro Forma Combined Company
<b>Revenue:</b>					
Product sales, net	\$ 139,289	\$ 1,182	\$ —		\$ 140,471
Royalty revenue	50,721	—	—		50,721
Total revenue	190,010	1,182	—		191,192
<b>Operating expenses:</b>					
Cost of product sales	46,347	2,637	7,062	e	56,046
Cost of royalty revenue	5,072	—	—		5,072
Research and development	17,545	1,284	—		18,829
Selling, general and administrative	59,014	20,175	(11,949)	f	67,240
Total operating expenses	127,978	24,096	(4,887)		147,187
Income (loss) from operations	62,032	(22,914)	4,887		44,005
Interest income	398	13	—		411
Interest expense	(918)	(1,414)	291	g	(2,041)
Other expense	(9,720)	(4,347)	—		(14,067)
Total other (expense) income, net	(10,240)	(5,748)	291		(15,697)
<b>Income (loss) before income tax provision</b>	51,792	(28,662)	5,178		28,308
Income tax provision	(17,184)	—	—	h	(17,184)
<b>Net income (loss)</b>	<u>\$ 34,608</u>	<u>\$ (28,662)</u>	<u>\$ 5,178</u>		<u>\$ 11,124</u>
Earnings per share attributable to common stockholders:					
Basic	\$ 2.71				\$ 0.87
Diluted	\$ 2.67				\$ 0.86
Weighted average number of common shares outstanding:					
Basic	12,773,727				12,773,727
Diluted	12,951,788				12,951,788

### **Note 1 – Description of the Transaction**

On June 9, 2022, the Company completed its previously announced Acquisition of the entire issued share capital of Acacia for cash consideration and common stock totaling €94.7 million (\$101,616,161), the equivalent of €0.90 per share, and an aggregate of 516,024 shares of Company common stock (\$23,644,219). Each shareholder of Acacia received €0.68 in cash and 0.0049 shares of common stock of the Company for each Acacia share held by such shareholder.

### **Note 2 – Basis of Presentation**

The Pro Forma Financial Information has been prepared for illustrative and informational purposes only in accordance with the requirements of Article 11 of Regulation S-X.

The unaudited pro forma condensed combined financial information was prepared using the Acquisition method of accounting under ASC 805, and was based on the historical financial statements of the Company and Acacia. The unaudited pro forma condensed combined statement of operations is presented as if the Acquisition had occurred on i) January 1, 2021 and combines the historical results of operations of the Company and Acacia for the year ended December 31, 2021; and ii) January 1, 2021 and combines the historical results of operations of Eagle for the period ended June 30, 2022 and Acacia for the period from January 1, 2022 and June 8, 2022.

The historical consolidated financial information has been adjusted in the accompanying unaudited pro forma condensed combined financial information to give effect to pro forma events that are (i) directly attributable to the Acquisition, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statement of operations, are expected to have a continuing impact on the consolidated results.

### **Note 3 – Accounting Policies and Reclassification Adjustments**

The unaudited pro forma condensed combined statement of operations do not assume any differences in accounting policies as the Company is not aware of any differences that would have a material impact on the combined condensed pro forma statement of operations.

Eagle's financial statements have been prepared in accordance with US GAAP and Acacia's financial statements have been prepared in accordance with IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee. The Company performed IFRS to US GAAP assessment and noted no material differences for the purposes of pro forma financial statements.

Certain figures were reclassified from the historical Acacia financial statement presentation so that their presentation would be consistent with that of the Company. These adjustments and reclassifications are based on management's preliminary analysis as follows:

#### *Pro Forma Condensed Combined Statement of Operations for the Year Ended December 31, 2021*

- Reclassified impairment of intangible assets of \$13 million to cost of goods sold from selling, general and administrative.
- Reclassified amortization of intangible assets of \$8.1 million to cost of goods sold from selling, general and administrative.
- Reclassified research and development tax credit of \$0.9 million to research and development expense from income tax provision.

#### *Pro Forma Condensed Combined Statement of Operations for the Period Ended June 30, 2022*

- Reclassified amortization of intangible assets of \$2.4 million to cost of goods sold from selling, general and administrative.
  - Reclassified research and development tax credit of \$0.1 million to research and development expense from income tax provision.
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**Note 4 – Purchase Price Consideration and Preliminary Purchase Price Allocation**

The fair value of the consideration totaled \$101.6 million, summarized as follows (in thousands):

	<b>Fair Value of Consideration</b>
Cash Consideration	\$ 77,971
Fair value of Eagle common stock issued	23,645
	<b><u>\$ 101,616</u></b>

The Company recorded the assets acquired and liabilities assumed as of the date of the acquisition based on the information available as of that date. As the Company finalizes the fair values of the assets acquired and liabilities assumed, purchase price adjustments may be recorded during the measurement period and such adjustments could be material. The Company will reflect measurement period adjustments, if any, in the periods in which the adjustments are recognized.

The following table presents the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed as of the closing of the Acquisition on June 9, 2022 (in thousands):

	<b>Preliminary Purchase Price Allocation</b>
Cash	\$ 2,556
Net working capital, excluding cash	(2,158)
Inventory	26,942
Intangible Assets	104,000
Debt	(28,503)
Deferred tax liability, net	(4,536)
Fair value of net assets acquired	<b>98,301</b>
Goodwill	3,315
	<b><u>\$ 101,616</u></b>

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## Note 5 – Pro Forma Adjustments

The pro forma adjustments are based on the Company’s preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the Pro Forma Financial Statements:

### Pro Forma Condensed Combined Statement of Operations for the Year Ended December 31, 2021

- (a) Represents the recognition of additional amortization of intangible assets of \$3.5 million and the adjustment to cost of product sales to reflect the increase to the historical inventory value to its estimated fair value.

The amortization expense recognized is based on the fair value (in thousands):

	Useful Life (In Years)	Fair Value	Amortization Expense
Barhemsys intangible	9	\$ 68,000	\$ 7,556
Byfavo intangible	9	36,000	4,000
Total		<u>\$ 104,000</u>	<u>\$ 11,556</u>
Less amortization previously recognized by Acacia			(8,095)
Additional amortization expense			\$ 3,461

These preliminary estimates of fair value and estimated useful lives will likely differ from final amounts the Company will calculate after completing a detailed valuation analysis, and the difference could have a material effect on the accompanying unaudited pro forma condensed combined financial statements. A 10% change in the valuation of intangible assets would cause a corresponding increase or decrease in the balance of goodwill and annual amortization expense of approximately \$1.2 million, assuming an overall straight line useful life of 9 years.

Recognition of the fair value adjustment for inventory acquired through cost of sales represents inventory that is expected to be sold within a year of the acquisition date. The unwind of the inventory step-up to cost of sales is based on the following fair value (in thousands):

	Total
Estimated cost of goods sold on step-up-Barhemsys	\$ 1,554
Estimated cost of goods sold on step-up-Byfavo	618
Total	<u>\$ 2,172</u>

- (b) Recognition of one-time pre-combination expense of \$4.5 million related to acceleration of the unvested share-based awards of Acacia and recognition of certain employee related costs of \$7.5 million.
- (c) Represents the decrease in interest expense as a result of \$2.2 million fair value step-up of Acacia’s €25 million (\$28.5 million) debt assumed in connection with the Acquisition.
- (d) Represents the income tax effect of the Acquisition pro forma adjustments using a statutory rate of 19% for Acacia and 23% for Eagle related adjustments, offset by valuation allowance recorded against the benefit of the pro forma adjustments.

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- (e) Represents the recognition of additional amortization of intangible assets of \$2.7 million and the adjustment to cost of product sales to reflect the increase to the historical inventory value to its estimated fair value.

The amortization expense recognized is based on the fair value (in thousands):

	Apportionment Period*	Fair Value	Amortization Expense
Barhemsys intangible	43%	\$ 68,000	\$ 3,270
Byfavo intangible	43%	36,000	1,731
Total		<u>\$ 104,000</u>	<u>\$ 5,001</u>
Less amortization previously recognized by Acacia			(2,355)
Additional amortization expense			\$ 2,646

\* Amortization has been recognized over the useful life period of 9 years apportioned for period from January 1, 2022 to June 8, 2022.

Recognition of the fair value adjustment for inventory acquired through cost of sales represents inventory that is expected to be sold within the 6 months ended June 30, 2022. The unwind of the inventory step-up to cost of sales is based on the following fair value (in thousands):

	<b>Total</b>
Estimated cost of goods sold on step-up-Barhemsys	\$ 1,458
Estimated cost of goods sold on step-up-Byfavo	602
<b>Total</b>	<b>\$ 2,060</b>

- (f) Represents the reversal of one-time pre-combination expense of \$4.5 million related to acceleration of the unvested share-based awards of Acacia and reversal of certain employee related costs of \$7.5 million.
  - (g) Represents the decrease in interest expense as a result of \$2.2 million fair value step-up of Acacia's €25 million (\$28.5 million) debt assumed in connection with the Acquisition.
  - (h) Represents the income tax effect of the Acquisition pro forma adjustments using a statutory rate of 19% for Acacia related adjustments and 23% for Eagle adjustments, offset by net operating losses ("NOLs") carryforwards.
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