UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2020

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 001-36306

Eagle Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**2834**	**20-8179278**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

50 Tice Boulevard, Suite 315
Woodcliff Lake, NJ 07677
(201) 326-5300
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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

Title of each class	**Trading symbol**	**Name of each exchange on which registered**
Common stock, $0.001 par value per share	EGRX	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
☒	☐	☐	☐

Emerging growth company ☐

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

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. ☐

The number of shares outstanding of the registrant’s common stock as of August 3, 2020: 13,606,971 shares.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or this Quarterly Report, contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical fact contained in this Quarterly Report are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "will," "would," "should," "expect," "plan,", "anticipate," "believe," "estimate," "intend," "predict," "seek," "contemplate," "project," "continue," "potential," "ongoing" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these identifying words. These forward-looking statements include, but are not limited to, statements about:

- our expectations regarding the impact of the ongoing coronavirus 2019, or COVID-19, pandemic including the expected duration of disruption and immediate and long-term delays; disruption in the sales of our marketed products; delays, interruptions or other adverse effects to clinical trials and patient enrollment; delays in regulatory review; manufacturing and supply chain interruptions; adverse effects on healthcare systems and disruption of the global economy overall, and the overall impact of the COVID-19 pandemic on our business, financial condition and results of operations;
- the potential benefits and commercial potential of Bendeka, Ryanodex and Belrapzo for approved indications and any expanded uses;
- the commercial potential of additional indications for our products;
- sales of our products in various markets worldwide, pricing for our products, level of insurance coverage and reimbursement for our products, timing regarding development and regulatory approvals for our products or for additional indications or in additional territories;
- future expansion of our commercial organization and transition to third-parties in certain jurisdictions to perform sales, marketing and distribution functions;
- the initiation, timing, progress and results of our preclinical and clinical studies, and our research and development program;
- our ability to obtain and maintain regulatory approval of our products and product candidates, and any related restrictions, limitations, and/or warnings in the label of an approved product;
- our ability to obtain funding for our operations and to expand business and sales;
- our plans to research, develop and commercialize our products and product candidates and our ability to successfully commercialize our products and product candidates;
- our ability to attract collaborators with development, regulatory and commercialization expertise;
- the size and growth potential of the markets for our products and product candidates, and our ability to serve those markets;
- the diversion of healthcare resources away from the conduct of clinical trials as a result of the ongoing COVID-19 pandemic, including the diversion of hospitals and doctor offices serving as locations for administration of our products, including Bendeka and hospital staff supporting the conduct of such administration;
- the interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel, quarantines or social distancing protocols imposed or recommended by federal or state governments, employers and others in connection with the ongoing COVID-19 pandemic;
- the rate and degree of market acceptance of our products and product candidates;
- our ability to develop sales and marketing capabilities, whether alone or with potential future collaborators;
- the performance of our strategic collaborators and success of our current strategic collaborations;
- regulatory developments in the United States and foreign countries;
- the performance of our third-party suppliers and manufacturers;
- the success of competing drugs that are or become available;
- the retention of key scientific or management personnel;
- the accuracy of our estimates regarding expenses, future revenues, capital requirements and needs for additional financing;
- our expectations regarding our ability to obtain and maintain intellectual property protection for our product candidates;
- our ability to prevent or minimize the effects of Paragraph IV patent litigation; and
- our anticipated future costs, operating expenses and capital requirements.

Any forward-looking statements in this Quarterly Report reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Part II, Item 1A. Risk Factors and elsewhere in this Quarterly Report. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

This Quarterly Report also contains estimates, projections and other information concerning our industry, our business, and the markets for certain diseases, including data regarding the estimated size of those markets, and the incidence and prevalence of certain medical conditions. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.

NOTE REGARDING COMPANY REFERENCES

References to the ”Company,” “Eagle Pharmaceuticals,” “Eagle,” “we,” “us” or “our” mean Eagle Pharmaceuticals, Inc., a Delaware corporation and its subsidiaries, references to “Eagle Biologics” mean Eagle Biologics, Inc. and references to “Eagle Research Lab” means Eagle Research Lab Limited.

NOTE REGARDING TRADEMARKS

All trademarks, trade names and service marks appearing in this Quarterly Report are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this Quarterly Report may appear without the ® or TM symbols.

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EAGLE PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except share amounts)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 108,213	$ 109,775
Accounts receivable, net	46,781	48,004
Inventories	7,891	6,566
Prepaid expenses and other current assets	5,551	15,104
Total current assets	168,436	179,449
Property and equipment, net	2,118	2,202
Intangible assets, net	14,250	15,583
Goodwill	39,743	39,743
Deferred tax asset, net	14,585	13,669
Other assets	17,578	3,908
Total assets	$ 256,710	$ 254,554
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 13,708	$ 5,462
Accrued expenses and other liabilities	19,778	28,361
Current portion of long-term debt	7,000	5,000
Total current liabilities	40,486	38,823
Other long-term liabilities	3,361	3,000
Long-term debt, less current portion	28,899	33,557
Total liabilities	72,746	75,380
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, 1,500,000 shares authorized and no shares issued or outstanding as of June 30, 2020 and December 31, 2019	—	—
Common stock, $0.001 par value; 50,000,000 shares authorized; 16,621,681 and 16,537,846 shares issued as of June 30, 2020 and December 31, 2019, respectively	17	17
Additional paid in capital	291,434	278,518
Retained earnings	69,373	72,500
Treasury stock, at cost, 3,017,710 and 2,907,687 shares as of June 30, 2020 and December 31, 2019, respectively	(176,860)	(171,861)
Total stockholders' equity	183,964	179,174
Total liabilities and stockholders' equity	$ 256,710	$ 254,554

See accompanying notes to unaudited condensed consolidated financial statements.

EAGLE PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Revenue:				
Product sales	$ 14,376	$ 29,437	$ 32,070	$ 43,909
Royalty revenue	27,562	27,265	55,888	53,578
License and other revenue	—	—	—	9,000
Total revenue	41,938	56,702	87,958	106,487
Operating expenses:				
Cost of product sales	10,313	18,175	15,078	27,729
Cost of royalty revenue	2,822	3,109	5,860	6,655
Research and development	7,135	8,957	16,562	15,332
Selling, general and administrative	17,959	17,228	42,714	35,369
Total operating expenses	38,229	47,469	80,214	85,085
Income from operations	3,709	9,233	7,744	21,402
Interest income	150	637	496	1,131
Interest expense	(786)	(665)	(1,675)	(1,351)
Other income (expense)	2,300	—	(4,200)	—
Total other income (expense), net	1,664	(28)	(5,379)	(220)
Income before income tax provision	5,373	9,205	2,365	21,182
Income tax provision	(5,629)	(2,480)	(5,492)	(5,484)
Net (Loss) Income	$ (256)	$ 6,725	$ (3,127)	$ 15,698
(Loss) Earnings per share attributable to common stockholders:				
Basic	$ (0.02)	$ 0.49	$ (0.23)	$ 1.13
Diluted	$ (0.02)	$ 0.48	$ (0.23)	$ 1.11
Weighted average number of common shares outstanding:				
Basic	13,664,951	13,782,720	13,666,279	13,853,580
Diluted	13,664,951	14,156,627	13,666,279	14,176,297

See accompanying notes to unaudited condensed consolidated financial statements.

EAGLE PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
(In thousands)

	Common Stock					
	Number of Shares	**Amount**	**Additional Paid-In Capital**	**Treasury Stock**	**Retained Earnings**	**Total Stockholders' Equity**
Balance at March 31, 2020	16,598	$ 17	$ 285,044	$ (172,860)	$ 69,629	$ 181,830
Stock-based compensation expense	—	—	6,241	—	—	$ 6,241
Issuance of common stock upon exercise of stock option grants	23	—	183	—	—	183
Payment of employee withholding tax upon vesting of stock-based awards	—	—	(34)	—	—	(34)
Issuance of common stock related to vesting of restricted stock units	1	—	—	—	—	—
Common stock repurchases	—	—	—	(4,000)	—	(4,000)
Net loss	—	—	—	—	(256)	(256)
Balance at June 30, 2020	16,622	$ 17	$ 291,434	$ (176,860)	$ 69,373	$ 183,964

	Common Stock		**Additional Paid-In Capital**	**Treasury Stock**	**Retained Earnings**	**Total Stockholders' Equity**
	Number of Shares	**Amount**				
Balance at March 31, 2019	16,520	$ 17	$ 262,084	$ (153,900)	$ 67,160	$ 175,361
Stock-based compensation expense	—	—	5,382	—	—	$ 5,382
Issuance of common stock upon exercise of stock option grants	2	—	13	—	—	13
Common stock repurchases	—	—	—	(15,000)	—	(15,000)
Net income	—	—	—	—	6,725	6,725
Balance at June 30, 2019	16,522	$ 17	$ 267,479	$ (168,900)	$ 73,885	$ 172,481

	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Amount				
Balance at December 31, 2019	16,538	$ 17	$ 278,518	$ (171,861)	$ 72,500	$ 179,174
Stock-based compensation expense	—	—	13,713	—	—	13,713
Issuance of common stock upon exercise of stock option grants	39	—	513	—	—	513
Payment of employee withholding tax upon vesting of stock-based awards	—	—	(1,310)	—	—	(1,310)
Issuance of common stock related to vesting of restricted stock units	45	—	—	—	—	—
Common stock repurchases	—	—	—	(4,999)	—	(4,999)
Net loss	—	—	—	—	(3,127)	(3,127)
Balance at June 30, 2020	16,622	$ 17	$ 291,434	$ (176,860)	$ 69,373	$ 183,964

	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Amount				
Balance at December 31, 2018	16,504	$ 17	$ 256,458	$ (153,900)	$ 58,187	$ 160,762
Stock-based compensation expense	—	—	11,164	—	—	11,164
Issuance of common stock upon exercise of stock option grants	9	—	55	—	—	55
Payment of employee withholding tax for net option exercise	—	—	(198)	—	—	(198)
Issuance of common stock related to vesting of restricted stock units	9	—	—	—	—	—
Common stock repurchases	—	—	—	(15,000)	—	(15,000)
Net income	—	—	—	—	15,698	15,698
Balance at June 30, 2019	16,522	$ 17	$ 267,479	$ (168,900)	$ 73,885	$ 172,481

See accompanying notes to unaudited condensed consolidated financial statements.

EAGLE PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Six Months Ended June 30,	
	2020	**2019**
Cash flows from operating activities:		
Net (loss) income	$ (3,127)	$ 15,698
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Deferred income taxes	(916)	(127)
Depreciation expense	931	1,005
Amortization expense	1,333	1,260
Fair value adjustments on equity investment	4,200	—
Stock-based compensation expense	13,713	11,164
Amortization of debt issuance costs	183	188
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	1,223	6,147
Inventories	(1,325)	(3,290)
Prepaid expenses and other current assets	9,553	4,665
Accounts payable	8,246	7,379
Accrued expenses and other liabilities	(8,583)	4,880
Other assets and other long-term liabilities, net	(1,321)	(396)
Net cash provided by operating activities	24,110	48,573
Cash flows from investing activities:		
Purchase of equity investment security	(17,500)	—
Purchase of property and equipment	(376)	(343)
Net cash used in investing activities	(17,876)	(343)
Cash flows from financing activities:		
Proceeds from common stock option exercises	513	55
Employee withholding taxes related to stock-based awards	(1,310)	(198)
Proceeds from existing revolving credit facility	110,000	—
Repayment of existing revolving credit facility	(110,000)	—
Payment of debt	(2,000)	(3,750)
Repurchases of common stock	(4,999)	(15,000)
Net cash used in financing activities	(7,796)	(18,893)
Net (decrease) increase in cash and cash equivalents	(1,562)	29,337
Cash and cash equivalents at beginning of period	109,775	78,791
Cash and cash equivalents at end of period	$ 108,213	$ 108,128
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes, net	$ 502	$ 2,874
Interest	1,458	1,221
Right-of-use asset obtained in exchange for lease obligation - lease amendment	842	2,871

See accompanying notes to unaudited condensed consolidated financial statements.

1. Interim Condensed Consolidated Financial Statements

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim information and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for reporting quarterly information. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. The condensed consolidated balance sheet at December 31, 2019 was derived from audited financial statements, but certain information and footnote disclosures normally included in the Company's annual consolidated financial statements have been condensed or omitted. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of the financial information for the interim periods reported have been made. Results of operations for the three and six months ended June 30, 2020 are not necessarily indicative of the results for the year ending December 31, 2020 or any period thereafter. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on March 2, 2020.

2. Organization and Business Activities

We are an integrated pharmaceutical company focused on finding ways to help medicines do more for patients. Eagle and our collaborators have the capabilities to take a molecule from preclinical research through regulatory approval and into the marketplace, including development, manufacturing and commercialization. Our business model applies our scientific expertise, proprietary research-based insights and marketplace proficiency to identify challenging-to-treat diseases of the central nervous system or metabolic critical care therapeutic areas as well as in oncology. By focusing on patients' unmet needs, Eagle strives to provide healthcare professionals with urgently needed treatment solutions that are designed to improve patient care and outcomes and create near- and long-term value for our stakeholders, including patients and healthcare providers and our employees, marketing partners, collaborators and investors.

Our science-based business model has a proven track record with U.S. Food and Drug Administration ("FDA") approval and commercial launches of three products: Ryanodex® (dantrolene sodium) ("Ryanodex"), bendamustine ready-to-dilute ("RTD") 500ml solution ("Belrapzo"), and rapidly infused bendamustine RTD ("Bendeka"). We market our products through marketing partners and/or our internal direct sales force. Eagle markets Ryanodex and Belrapzo, and Teva Pharmaceutical Industries Ltd. ("Teva") markets Bendeka through its subsidiary Cephalon, Inc.

Reflecting further expansion of our oncology portfolio, in February 2020, we received final FDA approval for Pemfexy® ("Pemfexy") and in July 2020, we announced that the Centers for Medicare & Medicaid Services ("CMS") had established a unique, product-specific billing code for Pemfexy, effective on October 1, 2020. Pemfexy is our novel pemetrexed product, a branded alternative to Alimta® for metastatic non-squamous non-small cell lung cancer and malignant pleural mesothelioma. The conversion from tentative to a final approval follows the Company's settlement agreement reached with Eli Lilly and Company ("Lilly") on December 13, 2019. This agreement provides for a release of all claims by the parties and allows for an initial entry of Pemfexy into the market (equivalent to approximately a three-week supply of current ALIMTA utilization) on February 1, 2022, and a subsequent uncapped entry on April 1, 2022.

On August 7, 2020, the Company received a Complete Response Letter for its NDA for Ryanodex for the treatment of exertional heat stroke ("EHS"); Eagle has decided that it will no longer pursue this indication.

3. Summary of Significant Accounting Policies

Significant Accounting Policies

The Company's significant accounting policies are described in the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and the notes thereto filed with the SEC on

March 2, 2020. Since the date of those consolidated financial statements, there have been no material changes to the Company's significant accounting policies other than as listed below.

Significant Risks and Uncertainties

In response to the ongoing COVID-19 pandemic, the Company has taken and continues to take active measures designed to address and mitigate the impact of the COVID-19 pandemic on its business, such as remote working policies, facilitating management's daily communication to address employee and business concerns and providing frequent updates to the Company's Board of Directors ("Board"). The Company anticipates that the COVID-19 pandemic may also have an impact on the clinical development timelines for certain of its clinical programs, such as EA-114. The Company also anticipates that the COVID-19 pandemic may have an impact on the Company's supply chain. The COVID-19 pandemic and associated lockdowns have resulted in a decrease in healthcare utilization broadly and specifically lead to a reduction in the utilization of physician-administered oncology products including Belrapzo and Bendeka. In addition, the Company anticipates that the COVID-19 pandemic may continue to delay the timing of ongoing litigation, including the litigation with Par (as defined below) with respect to Vasopressin. The extent to which the COVID-19 pandemic will impact the Company's business, its clinical development and regulatory efforts, its supply chain and sales efforts, its corporate development objectives and the value of, and market for, its common stock will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements in the United States, and other countries, and the effectiveness of actions taken globally to contain and treat the disease. The global economic slowdown, the overall disruption of global healthcare systems and other risks and uncertainties associated with the pandemic could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects.

In addition, the Company is subject to other challenges and risks specific to its business and its ability to execute on its business plan and strategy, as well as risks and uncertainties common to companies in the pharmaceutical industry with research and development operations, including, without limitation, risks and uncertainties associated with: delays or problems in obtaining clinical supply; obtaining regulatory approval of its product candidates; loss of single source suppliers or failure to comply with manufacturing regulations; identifying, acquiring or in-licensing additional products or product candidates; product development and the inherent uncertainty of clinical success; the challenges of protecting and enhancing its intellectual property rights; and the challenges of complying with applicable regulatory requirements. In addition, to the extent the ongoing COVID-19 pandemic adversely affects the Company's business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties discussed above.

Use of Estimates

These financial statements are presented in U.S. dollars and are prepared in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed financial statements including disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period and accompanying notes. The Company's critical accounting policies are those that are both most important to the Company's financial condition and results of operations and require the most difficult, subjective or complex judgments on the part of management in their application, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company anticipates that the COVID-19 pandemic may disrupt the Company's supply chain and marketing and sales efforts for certain of its products, including Bendeka, although it is not currently expected that any disruption would be significant. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments or revise the carrying value of its assets or liabilities. Because of the uncertainty of factors surrounding the estimates or judgments used in the preparation of the financial statements, actual results may materially vary from these estimates, and any such differences may be material to the Company's financial statements.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform with the current year presentation. None of the reclassifications were significant.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. All cash and cash equivalents are held in United States financial institutions. The carrying amount of cash and cash equivalents approximates its fair value due to its short-term nature.

The Company, at times, maintains balances with financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") limit.

Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes the following fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of interest-bearing cash, cash equivalents, accounts receivable and accounts payable approximate fair value due to their life being short term in nature, and are classified as Level 1 for all periods presented.

Our investment in restricted shares of Tyme's common stock are classified as Level 1. Refer to Note 13, Collaboration with Tyme for further details.

The fair value of debt is classified as Level 2 for the periods presented and approximates its fair value due to the variable interest rate.

The fair value of any contingent consideration/accrued royalty was classified as Level 3 for the periods presented.

Intangible Assets

The Company capitalizes and includes in intangible assets the costs of acquired product licenses and developed technology purchased individually or identified in a business combination. Intangible assets are recorded at fair value at the time of their acquisition and stated net of accumulated amortization. The Company amortizes its definite-lived intangible assets using either the straight-line or accelerated method, based on the useful life of the asset over which it is expected to be consumed utilizing expected undiscounted future cash flows. The Company will evaluate the potential impairment of intangible assets if events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Events giving rise to impairment are an inherent risk in our industry and many factors cannot be predicted. Factors that we consider in deciding when to perform an impairment review include significant changes in our forecasted projections for the asset or asset group for reasons including, but not limited to, significant under-performance of a product in relation to expectations, significant changes or planned changes in our use of the assets, significant negative industry or economic trends, and new or competing products that enter the marketplace. The impairment test is based on a comparison of the undiscounted cash flows expected to be generated from the use of the asset group and its eventual disposition to the carrying value of the asset group. If impairment is indicated, the asset is written down by the amount by which the carrying value of the asset exceeds the related fair value of the asset with the related impairment charge recognized within the condensed consolidated statements of operations.

With respect to determining an asset's fair value and useful life, because this process involves management making certain estimates and these estimates form the basis of the determination of whether or not an impairment charge should be recorded,

(In thousands, except share and per share amounts)

these estimates are considered to be critical accounting estimates. The Company did not identify any impairment to intangible assets for the periods presented.

Goodwill

Goodwill represents the excess of purchase price over the fair value of net assets acquired in the Eagle Biologics acquisition. Goodwill is not amortized, but is evaluated for impairment on an annual basis, in the fourth quarter, or more frequently if events or changes in circumstances indicate that the reporting unit's goodwill is less than its carrying amount. The Company did not identify any impairment to goodwill during the periods presented.

Concentration of Major Customers and Vendors

The Company is dependent on commercial partners to market and sell Bendeka. The Company's customers for Bendeka are its commercial and licensing partners; therefore, the Company's future revenues are highly dependent on these collaboration and distribution arrangements.

Teva markets Bendeka pursuant to the Bendeka License. Pursuant to the agreement, Teva pays the Company a royalty based on net sales of the product and also purchases the product from the Company. A disruption in this arrangement, caused by among other things, a supply disruption, loss of exclusivity or the launch of a superior product would have a material adverse effect of the Company's financial position, results of operations and cash flows.

The total revenues and accounts receivables broken down by major customers as a percentage of the total are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net revenues				
Cephalon, Inc. (Teva) - See *Revenue Recognition*	78 %	67 %	71 %	75 %
Other	22 %	33 %	29 %	25 %
	100 %	100 %	100 %	100 %

	June 30, 2020	December 31, 2019
Accounts receivable		
Cephalon, Inc. (Teva) - See *Revenue Recognition*	76 %	80 %
Other	24 %	20 %
	100 %	100 %

Inventories

Inventories are recorded at the lower of cost or expected net realizable value, with cost determined on a first-in first-out basis. The Company periodically reviews the composition of inventory in order to identify obsolete, slow-moving or otherwise non-saleable items. If non-saleable items are observed and there are no alternate uses for the inventory, the Company will record a write-down to net realizable value in the period that the decline in value is first recognized.

Property and Equipment

Property and equipment are stated at cost. Depreciation is recorded over the estimated useful lives of the assets utilizing the straight-line method. Leasehold improvements are being amortized over the shorter of their useful lives or the lease term.

Research and Development Expense

Costs for research and development are charged to expense as incurred and include; employee-related expenses including salaries, benefits, travel and stock-based compensation expense for research and development personnel; expenses incurred under agreements with contract research organizations, contract manufacturing organizations and service providers that assist in conducting clinical and preclinical studies; costs associated with preclinical activities and development activities, costs associated with regulatory operations; and depreciation expense for assets used in research and development activities.

Costs for certain development activities, such as clinical studies, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations, or information provided to the Company by its vendors on their actual costs incurred. Payments for these activities are based on the terms of the individual arrangements, which may differ from the patterns of costs incurred, and are reflected in the condensed consolidated financial statements as prepaid expenses or accrued expenses as deemed appropriate. Recoveries of previously recognized research and development expenses from third parties are recorded as a reduction to research and development expense in the period it becomes realizable.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred. Advertising and marketing costs were $775 and $491 for the three months ended June 30, 2020 and 2019, respectively. Advertising and marketing costs were $1,888 and $1,117 for the six months ended June 30, 2020 and 2019, respectively.

Income Taxes

The Company accounts for income taxes using the liability method in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), Topic 740 - Income Taxes (“ASC 740”). Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and are measured by applying enacted rates and laws to taxable years in which differences are expected to be recovered or settled. Further, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that the rate changes. A valuation allowance is required when it is “more likely than not” that all or a portion of deferred tax assets will not be realized. ASC 740 also prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return, including a decision whether to file or not file a return in a particular jurisdiction. We recognize any interest and penalties accrued related to unrecognized tax benefits as income tax expense.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Sales, value add, and other taxes collected on behalf of third parties are excluded from revenue. Receivables from our product sales have payment terms ranging from 30 to 75 days with select extended terms to wholesalers on initial purchases of product launch quantities. Our receivables from royalty revenue are due 45 days from the end of the quarter.

Product revenue - The Company recognizes net revenue on sales to its commercial partners and to end users. In each instance, revenue is generally recognized when the customer obtains control of the Company’s product, which occurs at a point in time, and may be upon shipment or upon delivery based on the contractual shipping terms of a contract.

Revenue on sales to commercial partners relates to Argatroban and Bendeka. Sales to our commercial partners are presented gross because the Company is primarily responsible for fulfilling the promise to provide the product, is responsible to ensure that the product is produced in accordance with the related supply agreement and bears risk of loss while the inventory is in-transit to the commercial partner.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or services to a customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing the expected value method to which the Company expects to be entitled. As such, revenue on sales to customers for Belrapzo, Non-Alcohol Docetaxel Injection, Ryanodex and diclofenac-misoprostol are recorded net of chargebacks, rebates, returns, prompt pay discounts, wholesaler fees and other deductions. Our products are contracted with a limited number of oncology distributors and hospital buying groups with narrow differences in ultimate realized contract prices used to estimate our chargeback and rebate reserves. The Company has a product return policy on some of its products that allows the customer to return pharmaceutical products within a specified period of time both prior to and subsequent to the product's expiration date. The Company's estimate of the provision for returns is analyzed quarterly and is based upon many factors, including historical experience of actual returns and analysis of the level of inventory in the distribution channel, if any. The Company has terms on sales of Ryanodex by which the Company does not accept returns. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration are made using the expected value method and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available. The Company believes that the estimates it has established are reasonable based upon current facts and circumstances. Applying different judgments to the same facts and circumstances could result in the estimated amounts to vary.

Royalty Revenue — The Company recognizes revenue from license arrangements with its commercial partners' net sales of products. In accordance with ASC 606-10-55-65, royalties are recognized when the subsequent sale of the commercial partner's products occurs. The Company's commercial partners are obligated to report their net product sales and the resulting royalty due to the Company within 25 days for Bendeka and 60 days for Argatroban from the end of each quarter. Based on historical product sales, royalty receipts and other relevant information, the Company accrues royalty revenue each quarter and subsequently determines a true-up when it receives royalty reports from its commercial partners. Historically, these true-up adjustments have been immaterial.

License and other revenue — The Company analyzes each element of its licensing agreements to determine the appropriate revenue recognition. The terms of the license agreement may include payment to us of non-refundable up-front license fees, milestone payments if specified objectives are achieved, and/or royalties on product sales. The Company recognizes revenue from upfront payments at a point in time, typically upon fulfilling the delivery of the associated intellectual property to the customer.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price based on the estimated relative standalone selling prices of the promised products or services underlying each performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

The Company recognizes sales-based milestone payments as revenue upon the achievement of the cumulative sales amount specified in the contract in accordance with ASC 606-10-55-65. For those milestone payments which are contingent on the occurrence of particular future events, the Company determined that these need to be considered for inclusion in the calculation of total consideration from the contract as a component of variable consideration using the most-likely amount method. As such, the Company assesses each milestone to determine the probability and substance behind achieving each milestone. Given the inherent uncertainty of the occurrence of these future events, the Company will not recognize revenue from the milestone until there is not a high probability of a reversal of revenue, which typically occurs near or upon achievement of the event.

(In thousands, except share and per share amounts)

When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying the practical expedient in paragraph 606-10-32-18, the Company does not assess whether a significant financing component exists if the period between when the Company performs its obligations under the contract and when the customer pays is one year or less. None of the Company's contracts contained a significant financing component as of June 30, 2020.

Collaborative licensing and development revenue — The Company recognizes revenue from reimbursements received in connection with feasibility studies and development work for third parties when its contractual services are performed, provided collectability is reasonably assured. Its principal costs under these agreements include its personnel conducting research and development, its allocated overhead, as well as the research and development performed by outside contractors or consultants.

Upon termination of a collaboration agreement, any remaining non-refundable license fees received by the Company, which had been deferred, are generally recognized in full. All such recognized revenues are included in collaborative licensing and development revenue in its condensed consolidated statements of operations. The Company recognizes revenue from milestone payments received under collaboration agreements when earned, provided that the milestone event is substantive, its achievability was not reasonably assured at the inception of the agreement, the Company has no further performance obligations relating to the event, and collectability is reasonably assured. If these criteria are not met, the Company recognizes milestone payments ratably over the remaining period of its performance obligations under the collaboration agreement.

Stock-Based Compensation

The Company accounts for stock-based compensation using the fair value provisions of ASC 718, Compensation - Stock Compensation that requires the recognition of compensation expense, using a fair-value based method, for costs related to all stock-based payments including stock options and restricted stock. This topic requires companies to estimate the fair value of the stock-based awards on the date of grant for options issued to employees and directors and record expense over the employees' service periods, which are generally the vesting period of the equity awards.

The Company accounts for stock-based compensation by measuring and recognizing compensation expense for all stock-based payments made to employees and directors based on estimated grant date fair values. The straight-line method is used to allocate compensation cost to reporting periods over each optionee's requisite service period, which is generally the vesting period. The fair value of the Company's stock-based awards to employees and directors is estimated using the Black-Scholes valuation model or a Monte Carlo simulation model. These models require the input of subjective assumptions, including the expected stock price volatility, the calculation of expected term, forfeitures and the fair value of the underlying common stock on the date of grant, among other inputs. The risk-free interest rate is determined with the implied yield currently available for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options.

Earnings Per Share

Basic earnings per common share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed in a manner similar to the basic earnings per share, except that the weighted-average number of shares outstanding is increased to include all common shares, including those with the potential to be issued by virtue of warrants, options, convertible debt and other such convertible instruments. Diluted earnings per share contemplate a complete conversion to common shares of all convertible instruments only if they are dilutive in nature with regards to earnings per share.

The anti-dilutive common shares equivalents outstanding for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Stock Options	2,909,289	2,437,505	2,909,289	2,567,433
Restricted stock units	229,100	38,947	253,677	40,133
Total	3,138,389	2,476,452	3,162,966	2,607,566

(In thousands, except share and per share amounts)

The following table sets forth the computation for basic and diluted net (loss) earnings per share for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Numerator				
Numerator for basic and diluted earnings per share-net (loss) income	$ (256)	$ 6,725	$ (3,127)	$ 15,698
Denominator				
Basic weighted average common shares outstanding	13,664,951	13,782,720	13,666,279	13,853,580
Dilutive effect of stock awards	—	373,907	—	322,717
Diluted weighted average common shares outstanding	13,664,951	14,156,627	13,666,279	14,176,297
Basic net (loss) earnings per share				
Basic net (loss) earnings per share	$ (0.02)	$ 0.49	$ (0.23)	$ 1.13
Diluted net (loss) earnings per share				
Diluted net (loss) earnings per share	$ (0.02)	$ 0.48	$ (0.23)	$ 1.11

All potentially dilutive items were excluded from the diluted share calculation for the three months and six months ended June 30, 2020 because their effect would have been anti-dilutive, as the Company was in a loss position.

Recent Accounting Pronouncements

Recent Accounting Pronouncements - Not Yet Adopted

In March 2020, the FASB issued Update 2020-04 Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting to provide temporary optional guidance to ease the potential burden in accounting for reference rate reform. The amendments in Update 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR, formerly known as the London Interbank Offered Rate,
or another reference rate expected to be discontinued due to reference rate reform. The new guidance provides optional expedients, including; (1) Simplify accounting analyses under current GAAP for contract modifications, such as modifications of contracts within the scope of Topic 470, Debt, that will be accounted for by prospectively adjusting the effective interest rate, as if any modification was not substantial. That is, the original contract and the new contract shall be accounted for as if they were not substantially different from one another; (2) Simplify the assessment of hedge effectiveness and allow hedging relationships affected by reference rate reform to continue; (3) Allow a one-time election to sell or transfer debt securities classified as held to maturity before January 1, 2020 that reference a rate affected by reference rate reform. The amendments are effective for all entities from the beginning of an interim period that includes the issuance date of the ASU. An entity may elect to apply the amendments prospectively through December 31, 2022. The adoption of ASU 2020-4 is not expected to have a material impact on the Company's financial position or results of operations.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2019 and the Company adopted the standard effective January 1, 2020. The adoption of ASU 2016-13 had no material impact on the Company's financial position and results of operations.

(In thousands, except share and per share amounts)

CARES Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into U.S. federal law, which is aimed at providing emergency assistance and health care for individuals, families, and businesses affected by the COVID-19 pandemic and generally supporting the U.S. economy. The CARES Act, among other things, includes provisions related to refundable payroll tax credits, deferment of the employer portion of social security payments, net operating loss carryback periods, modifications to the net interest deduction limitations, and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act has not had, and the Company does not currently expect it to have, a material impact on the Company's financial statements at this time.

4. Property and equipment, net

Property and equipment consisted of the following:

	June 30, 2020	December 31, 2019	Estimated Useful Life (years)
Furniture and fixtures	$ 1,476	$ 1,188	7
Office equipment	1,077	1,094	3
Equipment	3,189	3,095	7
Leasehold improvements	1,155	1,144	2
	6,897	6,521	
Less accumulated depreciation	(4,779)	(4,319)	
Property and equipment, net	$ 2,118	$ 2,202	

Depreciation expense related to property and equipment amounted to $209 and $241 for the three months ended June 30, 2020 and 2019, respectively, and $460 and $483 for the six months ended June 30, 2020 and 2019, respectively.

5. Inventories

Inventories consist of the following:

	June 30, 2020	December 31, 2019
Raw material	$ 5,385	$ 2,460
Work in process	2,323	3,243
Finished products	183	863
	$ 7,891	$ 6,566

(In thousands, except share and per share amounts)

6. Balance Sheet Accounts

Prepaid and Other Current Assets

Prepaid and other current assets consist of the following:

	June 30, 2020	December 31, 2019
Prepaid income taxes	$ 341	$ 4,661
Prepaid FDA user fee and advances to clinical research organization	325	6,345
Prepaid insurance	697	191
Advances to commercial manufacturers	2,938	2,462
All other	1,250	1,445
Total Prepaid expenses and other current assets	$ 5,551	$ 15,104

Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2020	December 31, 2019
Accrued sales reserves	$ 5,774	$ 8,364
Royalties payable to commercial partners	4,755	6,004
Accrued salary and other compensation	4,135	8,083
Accrued professional fees	1,514	1,926
Accrued research & development	1,123	1,686
Current portion of lease liability	1,110	1,101
Accrued other	1,367	1,197
Total Accrued expenses	$ 19,778	$ 28,361

Leases

The Company leases its corporate office under an amended lease agreement that expires on June 30, 2025 (the "Corporate Office Lease"). The Corporate Office Lease was amended on August 8, 2019 to extend the term through such date and to increase the amount of leased office space. The Company also leases lab space under a lease agreement that expires on October 31, 2023 (the "Lab Space Lease"). The Company estimated the right of use asset and the corresponding lease liability, on a discounted basis, as of the adoption date of January 1, 2019. The future minimum lease payments under this Corporate Office Lease are approximately $6.6 million.

For the Company's two operating leases (the Corporate Office Lease and Lab Space Lease), the depreciation and interest expense components are combined and recognized ratably over the remaining term of the lease as research and development and selling, general and administrative in the Company's condensed consolidated statements of operations, respectively.

The Company used its estimated incremental borrowing rate to calculate the present value of the right of use ("ROU") assets and lease liabilities as of the date of adoption date. The implicit interest rate related to the Company’s two lease agreements was not known as of the date of adoption. Therefore, the Company calculated an incremental borrowing rate based on the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment.

(In thousands, except share and per share amounts)

Lease related disclosures consist of the following:

	June 30, 2020	December 31, 2019	June 30, 2019
ROU asset, net included in Other assets	$ 4,087	$ 3,716	$ 2,483
Lease liability included with Other long-term liabilities	$ 3,361	$ 3,000	$ 1,560
Lease liability included with Accrued expenses and other liabilities	$ 1,110	$ 1,101	$ 1,051
Quarter to date ("QTD") depreciation of ROU asset	$ 250	n/a	$ 261
QTD related rent expense	$ 351	n/a	$ 286
Year to date ("YTD") depreciation of ROU asset	$ 471	n/a	$ 522
YTD related rent expense	$ 637	n/a	$ 573
YTD operating cash flows from operating leases	$ 637	n/a	$ 573
YTD operating lease costs	$ 637	n/a	$ 573
Weighted-average remaining lease term - operating leases	4.4 years	5.0 years	2.8 years
Weighted-average discount rate - operating leases	6.5 %	6 %	6.4 %

As of June 30, 2020, the future minimum lease commitments for the Company's two leases were as follows:

Total	2020	2021	2022	2023	2024	2025	Beyond
$ 6,242	$ 980	$ 1,362	$ 1,376	$ 1,291	$ 820	$ 413	$ —

As of December 31, 2019, the future minimum lease commitments for the Company's two leases were as follows:

Total	2020	2021	2022	2023	2024	2025
$ 6,607	$ 1,345	$ 1,362	$ 1,376	$ 1,291	$ 820	$ 413

(In thousands, except share and per share amounts)

7. Intangible Assets, Net

The gross carrying amounts and net book value of the Company's intangible assets are as follows:

		June 30, 2020		
	Useful Life (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Ryanodex intangible *(i)*	20	$ 15,000	$ (2,977)	$ 12,023
Developed technology	5	8,100	(5,873)	2,227
Total		$ 23,100	$ (8,850)	$ 14,250

		December 31, 2019		
	Useful Life (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Ryanodex intangible *(i)*	20	15,000	(2,454)	12,546
Developed technology	5	8,100	(5,063)	3,037
Total		$ 23,100	$ (7,517)	$ 15,583

(i) Represent payments made to reduce the royalties payable to a third party on Ryanodex net sales.

Amortization expense was $667 and $630 for the three months ended June 30, 2020 and 2019, respectively and $1,333 and $1,260 for the six months ended June 30, 2020 and 2019, respectively.

Estimated Amortization Expense for Intangible Assets

Based on definite-lived intangible assets recorded as of June 30, 2020, and assuming that the underlying assets will not be impaired and that the Company will not change the expected lives of the assets, future amortization expenses are estimated as follows:

	Estimated Amortization Expense
Year Ending December 31,	
2020 (remainder)	1,333
2021	2,622
2022	1,369
2023	1,570
2024	1,898
Thereafter	5,458
Total estimated amortization expense	$ 14,250

(In thousands, except share and per share amounts)

8. Common Stock and Stock-Based Compensation

Common Stock

Share Repurchase Program

On March 17, 2020, the Company, announced that its Board approved a new share repurchase program, or the Share Repurchase Program, providing for the repurchase of up to an aggregate of $160.0 million of the Company's outstanding common stock. The Share Repurchase Program replaced the Company's then existing share repurchase program, or the Previous Share Repurchase Program, which was announced on October 30, 2018 and was terminated in connection with the Board's approval of the Share Repurchase Program. At termination, the Company had repurchased approximately $68.0 million of the Company's outstanding common stock under the Previous Share Repurchase Program.

Under the Share Repurchase Program, the Company is authorized to repurchase shares through open market purchases, privately-negotiated transactions, accelerated share repurchases or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act The repurchases have no time limit and may be suspended or discontinued completely at any time. The specific timing and amount of repurchases will vary based on available capital resources and other financial and operational performance, market conditions, securities law limitations, and other factors. The repurchases will be made using the Company's cash resources.

As of June 30, 2020, the Company had repurchased an aggregate of 3,017,710 shares of common stock for an aggregate of $176.9 million pursuant to its Share Repurchase Programs since August 2016.

Stock-Based Compensation

In November 2013, the Company's Board of Directors approved the 2014 Equity Incentive Plan (the "2014 Plan") which became effective on February 11, 2014. The 2014 Plan provides for the awards of incentive stock options, non-qualified stock options, restricted stock, restricted stock units and other stock-based awards. Awards generally vest equally over a period of four years from grant date. Vesting may be accelerated under a change in control of the Company or in the event of death or disability to the recipient. In the event of termination, any unvested shares or options are forfeited.

During the three months ended March 31, 2018, the Company introduced a new long-term incentive program with the objective to better align the stock-based awards granted to management with the Company's focus on improving total shareholder return over the long-term. The stock-based awards granted under this long-term incentive program consist of time-based stock options, time-based restricted stock units ("RSUs") and performance-based stock units ("PSUs"). PSUs are comprised of awards that vest upon achievement of certain share price appreciation conditions.

A summary of stock option, RSU and PSU activity under the 2014 Plan during the six months ended June 30, 2020 and 2019 is presented below:

	Stock Options	RSUs	PSUs
Outstanding at December 31, 2018	2,556,365	54,219	117,219
Granted	579,133	211,829	—
Options Exercised/RSUs Vested/PSUs Vested	(7,382)	(13,555)	—
Forfeited or expired	(17,622)	(531)	(709)
Outstanding at June 30, 2019	3,110,494	251,962	116,510
Outstanding at December 31, 2019	3,096,161	251,215	116,181
Granted	600,700	231,450	—
Options Exercised/RSUs Vested/PSUs Vested	(38,951)	(67,970)	—
Forfeited or expired	(78,478)	(11,074)	(2,431)
Outstanding at June 30, 2020	3,579,432	403,621	113,750

(In thousands, except share and per share amounts)

Stock Options

The fair value of stock options granted to employees, directors, and consultants were estimated using the following assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Risk-free interest rate	0.44% - 0.44%	1.97% - 2.41%	0.44% - 1.65%	1.97% - 2.61%
Volatility	55.46%	50.16%	54.94%	50.45%
Expected term (in years)	6.08 years	6.08 years	6.03 years	5.98 years
Expected dividend yield	0.0%	0.0%	0.0%	0.00%

RSUs

Each vested time-based RSU represents the right of a holder to receive one share of the Company's common stock. The fair value of each RSU granted was estimated based on the trading price of the Company's common stock on the date of grant.

PSUs

The fair value of PSUs granted to employees was estimated using a Monte Carlo simulation model. Inputs used in the calculation include a risk-free interest rate of 2.06%, an expected volatility of 47%, contractual term of 3 years, and no expected dividend yield.

The Company recognized stock-based compensation in its condensed consolidated statements of operations for the three and six months ended June 30, 2020 and 2019 as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Stock options	$ 4,153	$ 3,967	$ 9,146	$ 8,395
RSUs	1,334	643	3,186	1,251
PSUs	754	772	1,381	1,518
Stock-based compensation expense	$ 6,241	$ 5,382	$ 13,713	$ 11,164
Selling, general and administrative	$ 5,207	$ 4,286	$ 11,129	$ 8,925
Research and development	1,034	1,096	2,584	2,239
Stock-based compensation expense	$ 6,241	$ 5,382	$ 13,713	$ 11,164

(In thousands, except share and per share amounts)

9. Commitments

The Company's future material contractual obligations as of June 30, 2020, included the following:

Obligations	Total	2020	2021	2022	2023	2024	2025	Beyond
Operating leases (1)	$ 6,242	$ 980	$ 1,362	$ 1,376	$ 1,291	$ 820	$ 413	$ —
Credit facility (2)	37,000	3,000	8,000	26,000	—	—	—	—
Purchase obligations (3)	20,286	20,286	—	—	—	—	—	—
Total obligations	$ 63,528	$ 24,266	$ 9,362	$ 27,376	$ 1,291	$ 820	$ 413	$ —

(1) The Company leases its corporate office location. The term of its existing lease expires on June 30, 2025. The Company also leases its lab space under a lease agreement that expires on October 31, 2023. Rental expense for the operating leases was $351 and $287, for the three months ended June 30, 2020 and 2019. Rental expense for the operating leases was $637 and $573 for the six months ended June 30, 2020 and 2019. The remaining future lease payments under the operating leases are $6,242 as of June 30, 2020.

(2) Refer to Note 10 Debt for details of the Revised Credit Agreement entered into as of November 8, 2019.

(3) As of June 30, 2020, the Company had purchase obligations in the amount of $20,286 which represents the contractual commitments under contract manufacturing and supply agreements with suppliers. The obligation under the supply agreement is primarily for finished product, inventory, and research and development.

10. Debt

On November 8, 2019, the Company entered into the Second Amended and Restated Credit Agreement (the “Revised Credit Agreement”), with JPMorgan Chase Bank, N.A., as administrative agent (the “Agent”) and the lenders party thereto, which replaced the Company’s existing credit agreement, dated as of August 8, 2017 (the "Amended Credit Agreement"). The terms and amounts borrowed under the Revised Credit Agreement includes a drawn term loan of $40.0 million and an undrawn revolving credit facility of $110.0 million. The schedule of principal payments for the new term loan facility was extended to November 8, 2022.

As of June 30, 2020, the terms and amounts borrowed under the Revised Credit Agreement included a drawn term loan of $40.0 million. The Company obtained revolving loans under the revolving credit facility during the three months ended March 31, 2020 in the amount of $110.0 million. The Company repaid the full $110.0 million borrowed from the revolving credit facility during the three months ended June 30, 2020. The Company classified the current portion of long-term debt of $7.0 million on the consolidated balance sheet as of June 30, 2020. Per the terms of the Revised Credit Agreement, the Company is limited in its ability to pay dividends. As of June 30, 2020, the Company was in compliance with each of the senior secured net leverage ratio; total net leverage ratio; and fixed charge coverage ratio covenants.
The term loan facility bears interest at the Adjusted LIBOR (equal to (a) the LIBOR for such Interest Period multiplied by (b) the Statutory Reserve Rate as established by Board of Governors of the Federal Reserve System of the United States of America) for the Interest Period in effect for such Borrowing plus the Applicable Rate as described below. The Agent and the Company may amend the Revised Credit Agreement to replace the LIBOR with a Benchmark Replacement, described below.

Loans under the Revised Credit Agreement bear interest at a rate equal to either (a) the LIBOR rate, plus an applicable margin ranging from 2.25% to 3.0% per annum, based upon the total net leverage ratio (as defined in the Revised Credit Agreement), or (b) the Benchmark Replacement which is defined as the greatest of the prime lending rate, or the NYFRB Rate (the rate for a federal funds transaction) in effect on such day plus ½ of 1% or the Adjusted LIBOR for a one month Interest Period on such day plus 1% plus an applicable margin ranging from 1.25% to 2.0% per annum, based upon the total net leverage ratio.

The Company is required to pay a commitment fee on the unused portion of the new revolving credit facility in the Revised Credit Agreement at a rate ranging from 0.35% to 0.45% per annum based upon the total net leverage ratio. The Company is

(In thousands, except share and per share amounts)

obligated to repay a contractually agreed portion of the term loan on the last day of each March, June, September and December in accordance with the Revised Credit Agreement.

As of June 30, 2020, the Company had $1.1 million of unamortized deferred debt issuance costs as part of long-term debt in its condensed consolidated balance sheets.

Debt Maturities	**As of June 30, 2020**
2020 (remainder)	$ 3,000
2021	8,000
2022	26,000
Total	$ 37,000

11. Income Taxes

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2020	**2019**	**2020**	**2019**
Income tax provision	$ (5,629)	$ (2,480)	$ (5,492)	$ (5,484)
Effective tax rate	105 %	27 %	232 %	26 %

For interim periods, we recognize an income tax (provision) benefit based on our estimated annual effective tax rate expected for the entire year plus the effects of certain discrete items occurring in the quarter. The interim annual estimated effective tax rate is based on the statutory tax rates then in effect, as adjusted for changes in estimated temporary and estimated permanent differences, and certain discrete items whose tax effect, when material, is recognized in the interim period in which they occur.

The provision for income taxes was based on the applicable federal and state tax rates for those periods. The effective tax rate for the three and six months ended June 30, 2020 reflects the impact of a valuation allowance established and adjusted for the fair value adjustments on the Company's investment in Tyme, certain non-deductible executive compensation, changes in state filing positions partially offset by credits for research and development activity. The effective tax rate for the three months ended June 30, 2019 reflects the impact of certain non-deductible executive compensation partially offset by credits for research and development activity.

Deferred income tax assets as of June 30, 2020 consisted of temporary differences primarily related to stock-based compensation and research and development tax credit carryforwards, partially offset by temporary differences related to intangible assets.

The Company files income tax returns in the U.S. federal jurisdiction and several states. Given that the Company has incurred tax losses in most years since its inception, all of the Company's tax years are effectively open to examination. The Company is currently under audit by three State tax jurisdictions. The Company had no amount recorded for any unrecognized tax benefits as of June 30, 2020. The Company regularly evaluates its tax positions for additional unrecognized tax benefits and associated interest and penalties, if applicable. There are many factors that are considered when evaluating these tax positions including: interpretation of tax laws, recent tax litigation on a position, past audit or examination history, and subjective estimates and assumptions. The Company reflects interest and penalties attributable to income taxes, to the extent they arise, as a component of income tax provision or benefit.

12. Legal Proceedings

In addition to the below legal proceedings, from time to time, the Company may be a party to litigation and subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters, or matters discussed below, will not have a material adverse effect on the Company's business nor has the Company recorded any loss in connection with these matters because the Company believes that loss is neither probable nor estimable. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

Commercial Litigation

In Re: Taxotere (Docetaxel)

On February 1, 2017, the Company was named as a defendant, among various other manufacturers, in several product liability suits that are consolidated in the U.S. District Court for the Eastern District of Louisiana as part of MDL 2740 (Civil Action No 2:16 md-2740), or the Multidistrict Litigation. The claims are for personal injuries allegedly arising out of the use of docetaxel.

In March 2017, the Company reached agreements in principle with the Plaintiffs' Steering Committee in this matter to voluntarily dismiss the Company from all of the lawsuits in which it was named and from the master complaint. The Company is in the process of working with the other parties in this matter to have it removed from the Multidistrict litigation entirely. As part of the agreement, in the event a case is brought in the future with facts that justify the Company's inclusion, the plaintiffs reserved the right to include the Company in such matter. The plaintiffs have filed several additional lawsuits since the parties' agreement in principle to dismiss, and the Company is in the process of working with plaintiffs to explore the possibility of dismissing those lawsuits.

Eagle v. Burwell

On April 27, 2016, the Company filed an action in the U.S. District Court for the District of Columbia (the "District Court") against the FDA and other federal defendants seeking an order requiring the FDA to recognize orphan drug exclusivity for Bendeka for the treatment of CLL and indolent B-cell NHL. On June 8, 2018, the District Court issued a decision requiring the FDA to recognize seven years of orphan drug exclusivity in the U.S. for Bendeka, and on July 6, 2018 the FDA recognized such ODE until December 7, 2022. In addition, on July 6, 2018, the FDA submitted a Motion to Alter or Amend the Judgement Pursuant to Rule 59(e), pursuant to which the FDA requested that the District Court amend its decision to make clear that the decision does not affect any applications referencing TREANDA. The FDA's motion was denied by the District Court on August 1, 2018 on the grounds that the FDA had not satisfied the standard for altering or amending the judgment. The FDA and two intervenors appealed the District Court's final judgment to the U.S. Court of Appeals for the District of Columbia Circuit (the "Court of Appeals"). Oral arguments occurred on October 17, 2019, and on March 13, 2020 a panel of the Court of Appeals affirmed the District Court's decision. FDA filed a petition for rehearing *en banc* on May 27, 2020, which remains pending. Previously, on February 20, 2019, the FDA issued a decision in favor of the Company, regarding the scope of orphan drug exclusivity for Bendeka. Pursuant to the FDA's decision, no bendamustine product used to treat the same indications (including generic versions of TREANDA) may launch in the United States until December 7, 2022 unless it is clinically superior to Bendeka.

Eagle v. Eli Lilly

On August 24, 2017, the Company filed an antitrust complaint in the United States District Court for the District of New Jersey ("New Jersey District Court") against Eli Lilly and Company ("Lilly"). The complaint alleges that Lilly engaged in anticompetitive conduct which restrained competition by delaying and blocking the Company's launch of a competing pemetrexed injection product (to compete with Lilly's Alimta). Lilly accepted service and answered the complaint on October 27, 2017. Lilly also filed a motion to transfer this case to Delaware on October 27, 2017. The Company filed a motion to oppose such transfer on November 6, 2017. On July 20, 2018, the New Jersey District Court transferred the case to Delaware. On November 27, 2018, the Delaware Court stayed the case at least until conclusion of the Pemfexy™ patent trial described below. On December 16, 2019, the Delaware Court entered the Company and Lilly's stipulation dismissing this case with prejudice.

Chiesi v. Eagle

On October 3, 2018, Chiesi USA, Inc. ("Chiesi") filed a complaint against Eagle in the Superior Court of Wake County, North Carolina. The complaint alleges that Eagle has failed to provide adequate information regarding the sales of Argatroban pursuant to a License and Development Agreement between the parties. On July 17, 2019, Chiesi dismissed the actions without prejudice.

Cipla v. Eagle

On April 16, 2020, Cipla Limited (“Cipla”) filed a request for arbitration against Eagle with the London Court of International Arbitration. The request alleges that Eagle’s refusal to take delivery of several batches of Argatroban finished drug product constitutes a breach of the Company and Cipla’s December 14, 2012 supply agreement. Eagle believes that allegations in the demand for arbitration are without merit and intends to vigorously defend itself in the arbitration. Eagle’s response to Cipla’s statement of the case is due August 12, 2020.

Patent Litigation

Eli Lilly and Company. v. Eagle Pharmaceuticals, Inc. (Pemfexy™ (Pemetrexed))

On August 14, 2017, Lilly filed suit against the Company in the United States District Court for the Southern District of Indiana (the “Indiana Suit”). Lilly alleged patent infringement based on the filing of the Company’s 505(b)(2) NDA seeking approval to manufacture and sell the Company’s EP-5101. EP-5101, if finally approved by FDA, will be a branded alternative to Alimta®.

On September 8, 2017, Eagle moved to dismiss the Indiana Suit for improper venue. On September 11, 2017, Lilly voluntarily dismissed the Indiana Suit. It then filed a complaint in the United States District Court for the District of Delaware, alleging similar patent infringement claims (the “Delaware Suit”). Eagle answered and filed various counterclaims in the Delaware Suit on October 3, 2017. Lilly answered Eagle’s counterclaims on October 24, 2017. On May 31, 2018, Eagle filed a Motion for Judgment on the Pleadings, which the Court denied on October 26, 2018. On January 23, 2019, the Court held a Markman hearing. Trial took place from October 28, 2019 to October 31, 2019 and continued on December 12, 2019 through December 13, 2019. On December 13, 2019, the Company and Lilly settled this litigation. The settlement agreement provides for a release of all claims by the parties and allows for an initial entry of Pemfexy™ into the market (equivalent to approximately a three week supply of current ALIMTA® utilization) on February 1, 2022 and a subsequent uncapped entry on April 1, 2022. On December 16, 2019, the District Court entered the Company and Lilly’s stipulation dismissing this case with prejudice.

Eagle Pharmaceuticals, Inc., et al. v. Slayback Pharma Limited Liability Company; Eagle Pharmaceuticals, Inc., et al. v. Apotex Inc. and Apotex Corp.; Eagle Pharmaceuticals, Inc., et al. v. Fresenius Kabi USA, LLC; Eagle Pharmaceuticals, Inc., et al. v. Mylan Laboratories Limited; Eagle Pharmaceuticals, Inc. et al. v. Hospira, Inc; Eagle Pharmaceuticals, Inc. et al. v. Lupin, Ltd. and Lupin Pharmaceuticals, Inc.; Eagle Pharmaceuticals, Inc. et al v. Aurobindo Pharma, Ltd, Aurobindo Pharma USA, Inc., and Eugia Pharma Specialities Ltd - (Bendeka®)

Bendeka, which contains bendamustine hydrochloride, is an alkylating drug that is indicated for the treatment of patients with chronic lymphocytic leukemia, as well as for the treatment of patients with indolent B-cell non-Hodgkin's lymphoma that has progressed during or within six months of treatment with rituximab or a rituximab-containing regimen. Slayback Pharma Limited Liability Company (“Slayback”), Apotex Inc. and Apotex Corp. (“Apotex”), Fresenius Kabi USA, LLC (“Fresenius”), Mylan Laboratories Limited (“Mylan”), Lupin, Ltd. and Lupin Pharmaceuticals, Inc. (“Lupin”), and Aurobindo Pharma, Ltd, Aurobindo Pharma USA, Inc., and Eugia Pharma Specialities Ltd (“Aurobindo”) have filed Abbreviated New Drug Applications (“ANDA’s”) referencing Bendeka® that include challenges to one or more of the Bendeka® Orange Book-listed patents. Hospira, Inc. (“Hospira”) filed a 505(b)(2) NDA.

The Company, Cephalon, Inc. and/or Teva Pharmaceuticals International GMBH (together the “Patentees”), filed separate suits against Slayback, Apotex, Fresenius, Mylan, Hospira, Lupin, and Aurobindo in the United States District Court for the District of Delaware on August 16, 2017 (Slayback (“Slayback I”)), August 18, 2017 (Apotex), August 24, 2017 (Fresenius), December

12, 2017 (Mylan), January 19, 2018 (Slayback ("Slayback II")), July 19, 2018 (Hospira), and July 2, 2019 (Lupin). In these Complaints, the Patentees allege infringement of the challenged patents, namely U.S. Patent Nos. 8,791,270 and 9,572,887 against Slayback (Slayback I and Slayback II), and of U.S. Patent Nos. 8,609,707, 8,791,270, 9,000,021, 9,034,908, 9,144,568, 9,265,831, 9,572,796, 9,572,797, 9,572,887, 9,579,384, 9,597,397, 9,597,398, 9,597,399 against Fresenius, Apotex, and Mylan, and of U.S. Patent Nos. 9,572,887, 10,010,533, 9,034,908, 9,144,568, 9,597,397, 9,597,398, 9,597,399, 9,000,021, 9,579,384 against Hospira, and of U.S. Patent Nos. 8,609,707, 9,000,021, 9,034,908, 9,144,568, 9,265,831, 9,572,796, 9,572,797, 9,572,887, 9,579,384, 9,597,397, 9,597,398, 9,597,399, 10,010,533, and 10,052,385 against Lupin. Patentees filed suit against Aurobindo on May 11, 2020. The parties stipulated to dismiss without prejudice U.S. Patent No. 8,791,270 as to Apotex, Fresenius and Mylan on July 24, 2018, August 2, 2018, and August 3, 2018, respectively. Slayback, Apotex, Fresenius, and Mylan answered their Complaints and some filed various counterclaims on September 29, 2017 (Slayback I), February 12, 2018 (Slayback II), November 27, 2017, September 15, 2017, and February 14, 2018, respectively. The Patentees answered the Slayback I, Slayback II, Fresenius, and Apotex counterclaims on October 20, 2017, March 5, 2018, October 6, 2017, and December 18, 2017, respectively. On October 15, 2018, the Patentees filed a suit against Fresenius and Mylan in the United States District Court for the District of Delaware, alleging patent infringement of U.S. Patent Nos. 10,010,533 and 10,052,385. The Slayback I, Slayback II, Apotex, Fresenius and Mylan cases have been consolidated for all purposes (the "Consolidated Bendeka Litigation"), and a bench trial in these cases was held September 9-19, 2019. On April 27, 2020, the district court held that the asserted patents are valid and infringed by Slayback, Apotex, Fresenius and Mylan. On July 6, 2020, the district court entered a final judgment reflecting this decision, stating that pursuant to 35 U.S.C. § 271(e)(4)(A), the FDA shall not approve Apotex's, Fresenius's, Mylan's, or Slayback's ANDA products on a date which is earlier than January 28, 2031, and enjoining Apotex, Fresenius, Mylan, and Slayback from commercially manufacturing, using, offering to sell, or selling within the US or importing into the US, their ANDA products before that date. Hospira filed a motion to dismiss, which was fully briefed on November 16, 2018. On December 16, 2019, the United States District Court for the District of Delaware denied Hospira's motion to dismiss with respect to U.S. Patent No. 9,572,887 and granted that motion with respect to the remaining patents. Trial is set for November 15, 2021. The case remains pending.

The FDA is stayed from approving Hospira's 505(b)(2) application until the earlier of (1) December 20, 2020 (the "30-month stay date"); and (2) a court decision that the '887 patent is not infringed, invalid, or unenforceable. The 30-month stay dates may be shortened or lengthened if either party to the action fails to reasonably cooperate in expediting the action.

Eagle Pharmaceuticals, Inc. v. Slayback Pharma Limited Liability Company

Slayback filed an ANDA referencing Eagle's Belrapzo NDA. Slayback's ANDA includes challenges to one or more of the Belrapzo Orange Book-listed patents. On September 20, 2018, the Company filed a suit against Slayback in the United States District Court for the District of Delaware, alleging patent infringement of U.S. Patent Nos. 8,609,707, 9,265,831, 9,572,796, 9,572,797 and 10,010,533. On October 10, 2018, Slayback answered the Complaint and filed various counterclaims. On October 31, 2018, the Company answered Slayback's counterclaims. Pursuant to a stipulation between the parties, Slayback is bound by any final judgment entered in the Consolidated Bendeka Litigation. This case is currently stayed.

Eagle Pharmaceuticals, Inc. v. Slayback Pharma Limited Liability Company

Slayback filed a 505(b)(2) NDA referencing Eagle's Belrapzo NDA. Slayback's NDA includes challenges to one or more of the Belrapzo Orange Book-listed patents. On December 11, 2018, the Company filed a suit against Slayback in the United States District Court for the District of Delaware, alleging patent infringement of U.S. Patent Nos. 9,265,831, 9,572,796, 9,572,797, and 10,010,533. On January 4, 2019, Slayback filed a motion for judgment on the pleadings. On May 9, 2019, the United States District Court for the District of Delaware granted Slayback's motion for judgment on the pleadings. On July 23, 2019, the Company filed an appeal of this decision with the United States Court of Appeals for the Federal Circuit. On May 8, 2020, the Federal Circuit upheld the district court's decision.

Par Pharmaceutical, Inc. et al. v. Eagle Pharmaceuticals, Inc. (Vasopressin)

On May 31, 2018, Par Pharmaceutical, Inc., Par Sterile Products, LLC, and Endo Par Innovation Company, LLC (together "Par") filed suit against the Company in the United States District Court for the District of Delaware. Par alleged patent infringement based on the filing of the Company's ANDA seeking approval to manufacture and sell the Company's vasopressin product. The Company's vasopressin product, if approved by FDA, will be an alternative to Vasostrict, which is indicated to

increase blood pressure in adults with vasodilatory shock (e.g., post-cardiotomy or sepsis) who remain hypotensive despite fluids and catecholamines. The Company answered the complaint on August 6, 2018, and filed an amended answer and counterclaims on October 30, 2019. The court issued a Markman ruling on July 1, 2019. On December 20, 2019, Par dismissed with prejudice claims of three of the patents asserted against Eagle, and the Court entered an Order reflecting that dismissal on December 27, 2019. Mediation took place on March 3, 2020. On April 17, 2020, the Company submitted a letter requesting leave to file a motion for summary judgment of non-infringement. Par's responsive letter was submitted on May 8, 2020. On May 18, 2020, the court said it would hear non-infringement arguments at trial and not through summary judgment. Due to the COVID-19 pandemic, trial, which was scheduled to begin May 18, 2020, has been adjourned to a future date. This suit is pending.
Eagle Pharmaceuticals, Inc. et al. v. Accord (Argatroban)

On March 27, 2019, the Company and Chiesi filed suit against Accord Healthcare, Inc. ("Accord") in the United States District Court for the District of New Jersey (the "New Jersey suit") and in the United States District Court for the Middle District of North Carolina (the "North Carolina suit") (together "the suits"). The suits alleged patent infringement based on Accord's 505(b)(2) NDA seeking approval to manufacture and sell Accord's proposed argatroban product. On May 21, 2019, the Company and Chiesi voluntarily dismissed the North Carolina suit. On July 10, 2019, Accord moved for judgment on the pleadings in the New Jersey suit. On June 30, 2020, the district court held a settlement conference. The New Jersey suit is currently pending.

13. Collaboration with Tyme

On January 7, 2020, Tyme and the Company announced a strategic collaboration to advance SM-88, an oral product candidate for the treatment of patients with cancer. SM-88 is an investigational agent in two Phase II studies, one for pancreatic cancer and another for prostate cancer.

Under the terms of the related agreements, Tyme is entitled to receive up to a total $40.0 million as follows:

(a) an initial $20.0 million upfront payment. In return, we received 10 million restricted shares of Tyme's common stock at $2.00 per share. The Company is contractually restricted from selling its investment in Tyme for up to three years; and

(b) a second potential $20.0 million milestone payment upon the earlier of (i) the successful completion of a pivotal trial in pancreatic cancer or (ii) FDA approval of SM-88 in any cancer indication within the United States. Upon occurrence of such milestone event, this payment would be split into a $10.0 million one-time milestone cash payment and a $10.0 million additional investment in Tyme's preferred stock. The preferred shares will be convertible into common stock with a conversion price at a 15% premium to the then-prevailing common stock market price per share.

Under the terms of a related co-promotion agreement, we would be responsible for 25% of the promotional sales effort of SM-88 and would receive 15% royalty on the net revenues of SM-88 in the United States. Tyme is be responsible for clinical development, regulatory approval, commercial strategy, marketing, reimbursement and manufacturing of SM-88. Tyme retains the remaining 85% of net U.S. revenues and reserves the right to repurchase our U.S. co-promotion right for $200.0 million.

Under the terms of the agreement, the initial $20.0 million paid to Tyme, was accounted for as a $17.5 million readily determinable fair value equity investment based on the closing price per share of Tyme's common stock on January 7, 2020. The remainder was treated as an upfront collaboration payment of $2.5 million that was recorded as selling, general and administrative expense in the first quarter of 2020. The investment in Tyme represents approximately 9% of the total shares outstanding of Tyme's common stock.
As of June 30, 2020, the Company included its investment in Tyme in Other Assets (non-current) on its condensed consolidated balance sheet. For the three months ended June 30, 2020, the fair value adjustments for the equity investment was a gain of $2.3 million and for the six months ended June 30, 2020, the fair value adjustments for the equity investment was a loss of $4.2 million which was recorded in Other income (expense) on our condensed consolidated statements of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with our unaudited consolidated financial statements and the notes thereto included in this Quarterly Report on Form 10-Q, or the Quarterly Report, and the audited financial information and the notes thereto included in our Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission, or the SEC, on March 2, 2020, or the Annual Report. This discussion and analysis contains forward-looking statements that involve significant risks and uncertainties. Our actual results, performance or experience could differ materially from what is indicated by any forward-looking statement due to various important factors, risks and uncertainties, including, but not limited to, those set forth under "Risk Factors" included elsewhere in this Quarterly Report. Such factors may be amplified by the COVID-19 pandemic and its current or its potential impact on our business and the global economy. Unless otherwise indicated or required by context, references throughout to "Eagle," the "Company," "we," "our," or "us" refer to financial information and transactions of Eagle Pharmaceuticals, Inc.

Overview

We are an integrated pharmaceutical company focused on finding ways to help medicines do more for patients. Along with our collaborators, we have the capabilities to take a molecule from preclinical research through regulatory approval and into the marketplace, including development, manufacturing and commercialization of our products and product candidates. Our business model applies our scientific expertise, proprietary research-based insights and marketplace proficiency to identify challenging-to-treat diseases of the central nervous system or metabolic critical care therapeutic areas as well as in oncology. By focusing on patients' unmet needs, we strive to provide healthcare professionals with urgently needed treatment solutions that are designed to improve patient care and outcomes and create near- and long-term value for our stakeholders, including patients and healthcare providers and our employees, marketing partners, collaborators and stockholders.

Our science-based business model has a proven track record with FDA approval and commercial launches of three products: Ryanodex, Belrapzo and Bendeka. We market our products through marketing partners and/or our internal direct sales force. We market Ryanodex and Belrapzo, and Teva markets Bendeka through its subsidiary, Cephalon, Inc. Reflecting further expansion of our oncology portfolio, in February 2020, we received final FDA approval for Pemfexy, a branded alternative to Alimta for metastatic non-squamous non-small cell lung cancer and malignant pleural mesothelioma. We expect to launch Pemfexy in early 2022.

With 10 pipeline projects underway and the potential for up to five or more product launches over the next several years, we believe we have many growth opportunities ahead. We believe that each of our pipeline projects currently has the potential to enter the market as a first-in-class, first-to-file or best-in-class product. In particular, we are applying our expertise to conduct novel research regarding the potential for Ryanodex to address conditions including Alzheimer's disease, traumatic brain injury/concussion, nerve agent exposure and acute radiation syndrome. In addition, our clinical development program includes a strategic partnership with Tyme for SM-88, a product candidate for the treatment of patients with pancreatic or other advanced cancers, as well as investigations of compounds such as EA-114 and our Fulvestrant product candidate for patients with HR-positive advanced breast cancer. Other products in development include Vasopressin, our first-to-file ANDA that references Endo International plc's Vasostrict indicated to increase blood pressure in adults with vasodilatory shock who remain hypotensive despite fluids and catecholamines; and EA-111, a new chemical entity and next-generation ryanodine receptor antagonist, in an intramuscular formulation that that would allow for easier and more rapid administration in emergency situations (military and civilian).

Recent Developments

Complete Response Letter for NDA for Ryanodex
On August 7, 2020, the Company received a Complete Response Letter for its NDA for Ryanodex for the treatment of exertional heat stroke ("EHS"); Eagle has decided that it will no longer pursue this indication.

Pemfexy Billing Code
On July 9, 2020, we announced that the Centers for Medicare & Medicaid Services ("CMS") had established a unique, product-specific billing code for Pemfexy. The new Healthcare Common Procedure Coding System ("HCPCS") code, or J-code, will become effective on October 1, 2020.

We expect that the new HCPCS code will provide coding clarity to outpatient facilities and physicians who administer Pemfexy, facilitating access for patients and reimbursement from Medicare, Medicaid and commercial insurance.

New Share Repurchase Program

On March 17, 2020, we announced that our Board approved a new share repurchase program, or the Share Repurchase Program, providing for the repurchase of up to an aggregate of $160.0 million of our outstanding common stock. The Share Repurchase Program replaces our existing share repurchase program, or the Previous Share Repurchase Program, which was announced on October 30, 2018 and was terminated in connection with the Board's approval of the Share Repurchase Program. At termination, we had repurchased approximately $68.0 million of our outstanding common stock under the Previous Share Repurchase Program.

Under the Share Repurchase Program, we are authorized to repurchase shares through open market purchases, privately-negotiated transactions, accelerated share repurchases or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act . The repurchases have no time limit and may be suspended or discontinued completely at any time. The specific timing and amount of repurchases will vary based on available capital resources and other financial and operational performance, market conditions, securities law limitations, and other factors. The repurchases will be made using our cash resources.

As of June 30, 2020, we have repurchased an aggregate of 3,017,710 shares of common stock for an aggregate of $176.9 million pursuant to our Share Repurchase Program since August 2016.

COVID-19 Business Update

In response to the ongoing COVID-19 pandemic, the Company has taken and continues to take active measures designed to address and mitigate the impact of the COVID-19 pandemic on its business, such as remote working policies, facilitating management's daily communication to address employee and business concerns and providing frequent updates to the Company's Board of Directors ("Board"). The Company anticipates that the COVID-19 pandemic may have an impact on the clinical development timelines for certain of its clinical programs, such as EA-114. The Company also anticipates that the COVID-19 pandemic may have an impact on the Company's supply chain. The COVID-19 pandemic and associated lockdowns have resulted in a decrease in healthcare utilization broadly and specifically lead to a reduction in the utilization of physician-administered oncology products including Belrapzo and Bendeka. While we have experienced limited financial impacts to date, the ongoing COVID-19 pandemic , including the global economic slowdown, government measures taken in response thereto, the overall disruption of global healthcare systems and other risks and uncertainties associated with the pandemic, could materially adversely affect our business, financial condition, results of operations and growth prospects. We continue to closely monitor the COVID-19 pandemic as we evaluate and evolve our business plans and response strategy. The impact of the COVID-19 pandemic on our business and financial condition is more fully described below in *Trends and Uncertainties*.

Financial Operations Overview

Revenue

Our revenue consists of product sales, royalty revenue and license and other revenue.

Product Sales. Through June 30, 2020, we have recognized revenues from product sales of Bendeka, Argatroban, Ryanodex and Belrapzo. Sales of Bendeka were made to our commercial partner Teva, while Argatroban was sold directly to our commercial partners, Chiesi and Sandoz AG, or Sandoz. Sales to our commercial partners are typically made at little or no profit for resale. Ryanodex and Belrapzo were sold directly to wholesalers, hospitals and surgery centers through a third-party logistics partner.

We typically enter into agreements with group purchasing organizations acting on behalf of their hospital members, in connection with the hospitals' purchases of our direct commercial products. Based on these agreements, most of our hospital customers have contracted prices for products and volume-based rebates on product purchases. These amounts are estimated and recorded at the time of sale. In the case of discounted pricing, we typically pay a chargeback, representing the difference between the price invoiced to the wholesaler and the customer contract price.

Royalty Revenue. We recognize revenue from royalties based on a percentage of Teva's net sales of Bendeka and Sandoz's and Chiesi's gross profit of Argatroban, both net of discounts, returns and allowances incurred by our commercial partners. Royalty revenue is recognized as earned in accordance with contract terms when it can be reasonably estimated and collectability is reasonably assured.

License and Other Revenue. Our revenues may either be in the form of the recognition of deferred revenues upon milestone achievement for which cash has already been received or recognition of revenue upon milestone achievement the payment for which is reasonably assured to be received in the future.

The primary factors that determine our revenues derived from Bendeka are:

- the level of orders submitted by our commercial partner, Teva;
- the rate at which Teva can convert the current market to Bendeka;
- the level of institutional demand for Bendeka;
- unit sales prices charged by Teva, net of any sales reserves; and
- the level of orders submitted by wholesalers, hospitals and surgery centers.

The primary factors that may determine our revenues derived from Argatroban are:

- the level of orders submitted by our commercial partners, Sandoz and Chiesi;
- the level of institutional demand for Argatroban; and
- unit sales prices charged by Sandoz and Chiesi, net of any sales reserves.

The primary factors that may determine our revenues derived from Ryanodex, Belrapzo and our future products are:

- the effectiveness of our sales force;
- the level of orders submitted by wholesalers, hospitals and surgery centers;
- the level of institutional demand for our products; and
- unit sales prices, net of any sales reserves.

Cost of Revenues

Cost of revenue consists of the costs associated with producing our products for our commercial partners. In particular, our cost of revenue includes production costs of our products paid to a contract manufacturing organization coupled with shipping and customs charges, cost of royalty and the amortization of intangible assets. Cost of revenue may also include the effects of product recalls, if applicable.

Research and Development

Costs for research and development are charged to expenses as incurred and include: employee-related expenses including salaries, benefits, travel and stock-based compensation expense for research and development personnel; expenses incurred under agreements with contract research organizations, contract manufacturing organizations and service providers that assist in conducting clinical and preclinical studies; costs associated with preclinical activities and development activities; costs associated with regulatory operations; and depreciation expense for assets used in research and development activities.

Costs for certain development activities, such as clinical studies, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations, or information provided to the Company by its vendors on their actual costs incurred. Payments for these activities are based on the terms of the individual arrangements, which may differ from the patterns of costs incurred, and are reflected in the condensed consolidated financial statements as prepaid expenses or accrued expenses as deemed appropriate. Recoveries of previously recognized research and development expenses from third parties are recorded as a reduction to research and development expense in the period it becomes realizable.

Selling, General and Administrative

Selling, general and administrative costs consist primarily of salaries, benefits and other related costs, including stock-based compensation for executive, finance, sales and operations personnel. Selling, general and administrative expenses also include facility and related costs, professional fees for legal, consulting, tax and accounting services, insurance, selling, marketing, market research, advisory board and key opinion leaders, depreciation and general corporate expenses.

Income Taxes

We account for income taxes using the liability method in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 740, “Income Taxes,” or ASC 740. Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and are measured by applying enacted rates and laws to taxable years in which differences are expected to be recovered or settled. Further, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that the rate changes. A valuation allowance is required when it is “more likely than not” that all or a portion of deferred tax assets will not be realized. ASC 740 also prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that it has taken or expects to take on a tax return, including a decision whether to file or not

file a return in a particular jurisdiction. We recognize any interest and penalties accrued related to unrecognized tax benefits as income tax expense.

The provision for income taxes was based on the applicable federal and state tax rates for those periods. The effective tax rate for the three and six months ended June 30, 2020 reflects the impact of a valuation allowance established and adjusted for the fair value adjustments on the Company's investment in Tyme, certain non-deductible executive compensation, changes in state filing positions partially offset by credits for research and development activity. The effective tax rate for the three months ended June 30, 2019 reflects the impact of certain non-deductible executive compensation partially offset by credits for research and development activity.

Results of Operations

Comparison of Three Months Ended June 30, 2020 and 2019

Revenues

	Three Months Ended June 30,		(Decrease) / Increase
	2020	2019	
	(in thousands)		
Product sales	$ 14,376	$ 29,437	$ (15,061)
Royalty revenue	27,562	27,265	297
Total revenue	$ 41,938	$ 56,702	$ (14,764)

Our product sales decreased $15.1 million in the three months ended June 30, 2020 as compared to the three months ended June 30, 2019. The decrease was attributable to a decrease of $11.3 million in product sales of Belrapzo and a decrease of $6.2 million in product sales of Bendeka primarily due to volume. Second quarter 2019 Belrapzo revenue reflected wholesaler stocking occasioned by the June 2019 transition to the branded name. In addition, the COVID-19 pandemic and associated lockdowns have resulted in a decrease in healthcare utilization broadly and specifically lead to a reduction in the utilization of physician-administered oncology products including Belrapzo and Bendeka. The decrease in product sales was partially offset by an increase in Ryanodex product sales of $1.8 million due to unit volume.

Our royalty revenue increased $0.3 million in the three months ended June 30, 2020 as compared to the three months ended June 30, 2019 primarily as a result of an increase in royalty revenue from our share of Teva's Bendeka sales.

Cost of Revenue

	Three Months Ended June 30,		Decrease
	2020	2019	
	(in thousands)		
Cost of product sales	$ 10,313	$ 18,175	$ (7,862)
Cost of royalty revenue	2,822	3,109	(287)
Total cost of revenue	$ 13,135	$ 21,284	$ (8,149)

Our cost of product sales decreased $7.9 million in the three months ended June 30, 2020 as compared to the three months ended June 30, 2019, primarily as a result of the decrease in product sales for Bendeka that resulted in a $6.9 million decrease of cost of revenue and a decrease in product sales of Belrapzo that resulted in a $3.2 million decrease of cost of revenue. These decreases were partially offset by an increase in Ryanodex cost of revenue of $2.1 million.

Our cost of royalty revenue decreased $0.3 million in the three months ended June 30, 2020 as compared to the three months ended June 30, 2019, primarily as a result of improved gross margin related to the royalty revenue for Bendeka.

Research and Development

The table below details the Company’s research and development expenses by significant project for the periods presented.

	Three Months Ended June 30,		Increase / (Decrease)
	2020	2019	
	(in thousands)		
Fulvestrant “EGL-5385-C-1701”	$ 1,358	$ 496	$ 862
Vasopressin	891	3,271	(2,380)
Ryanodex EHS “EP-4104”	584	$ 804	(220)
All other projects	873	$ 997	(124)
Salary and other personnel related	$ 3,429	$ 3,389	40
Research and development	$ 7,135	$ 8,957	$ (1,822)

Our research and development expenses decreased $1.8 million in the three months ended June 30, 2020 as compared to the three months ended June 30, 2019. The decrease primarily resulted from lower spending for Vasopressin, partially offset by higher spend on EGL-5385-C-1701.

Selling, General and Administrative

	Three Months Ended June 30,		
	2020	2019	Increase
	(in thousands)		
Selling, general and administrative	$ 17,959	$ 17,228	$ 731

Our selling, general and administrative expenses increased $0.7 million for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019. This increase is primarily related to an increase in stock compensation costs of $0.9 million, partially offset by decreases in expenses related to travel and entertainment, trade show, and external legal.

Other Income (Expense), net

	Three Months Ended June 30,		(Decrease) / Increase
	2020	2019	
	(in thousands)		
Interest income	$ 150	$ 637	$ (487)
Interest expense	(786)	(665)	(121)
Other income	2,300	—	2,300
Total other income (expense), net	$ 1,664	$ (28)	$ 1,692

Our interest income decreased $0.5 million for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019. This decrease is primarily due to lower interest rates associated with money market funds as compared to the three months ended June 30, 2019.

Our interest expense increased $0.1 million for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019. This increase is primarily due to additional borrowings from the revolving credit facility during the 2020 quarter.

Our other income increased $2.3 million for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019. This increase is related to fair value adjustments on the Company's equity investment in Tyme in the amount of $2.3 million.

Income Tax Provision

	Three Months Ended June 30,	
	2020	2019
	(in thousands)	
Provision for income taxes	$ (5,629)	$ (2,480)
Effective tax rate	105 %	27 %

Our provision for income taxes was based on the applicable federal and state tax rates for those periods. The effective tax rate for the three months ended June 30, 2020 reflects the impact of a valuation allowance established and adjusted for the fair value adjustments on the Company's investment in Tyme, certain non-deductible executive compensation, and changes in state filing positions partially offset by credits for research and development activity. The effective tax rate for the three months ended June 30, 2019 reflects the impact of certain non-deductible executive compensation partially offset by credits for research and development activity.

Comparison of Six Months Ended June 30, 2020 and 2019

Revenues

	Six Months Ended June 30,		Increase / (Decrease)
	2020	2019	
	(in thousands)		
Product sales	$ 32,070	$ 43,909	$ (11,839)
Royalty revenue	55,888	53,578	2,310
License and other revenue	—	9,000	(9,000)
Total revenue	$ 87,958	$ 106,487	$ (18,529)

Our product sales decreased $11.8 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019 primarily driven by decreases in product sales of Bendeka of $11.2 million coupled with decreases in Belrapzo's product sales of $9.9 million primarily due to volume decreases. Second quarter 2019 Belrapzo revenue reflected wholesaler stocking occasioned by the June 2019 transition to the branded name. In addition, the COVID-19 pandemic and associated lockdowns have resulted in a decrease in healthcare utilization broadly and specifically lead to a reduction in the utilization of physician-administered oncology products including Belrapzo and Bendeka. The decreased sales were partially offset by increases in product sales of Ryanodex of $9.2 million due to higher volume.

Our royalty revenue increased $2.3 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019 as a result of higher royalties on Teva's sales of Bendeka of $2.9 million, which were partially offset by lower royalties on sales of Argatroban of $0.6 million.

Our license and other revenue decreased $9.0 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019. The decrease was due to the non-recurrence of an upfront cash payment of $9.0 million upon execution of an amendment to the Bendeka License Agreement, dated March 29, 2019 to terminate Teva's obligation to pay future milestones and royalties on Bendeka sales outside of the U.S.

Cost of Revenue

	Six Months Ended June 30,		Decrease
	2020	2019	
	(in thousands)		
Cost of product sales	$ 15,078	$ 27,729	$ (12,651)
Cost of royalty revenue	5,860	6,655	(795)
Total cost of revenue	$ 20,938	$ 34,384	$ (13,446)

Our cost of product sales decreased $12.7 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019, primarily as a result of decreased product sales of Belrapzo and Bendeka, partially offset by increased product sales of Ryanodex.

Our cost of royalty revenue decreased $0.8 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019, primarily as a result of a decrease in royalty revenue on Teva's sales of Bendeka.

Research and Development

	Six Months Ended June 30,		Increase / (Decrease)
	2020	2019	
	(in thousands)		
Fulvestrant “EGL-5385-C-1701”	$ 4,159	$ 683	$ 3,476
Vasopressin	1,174	4,588	(3,414)
Ryanodex EHS “EP-4104”	1,871	1,359	512
All other projects	1,514	1,922	(408)
Salary and other personnel related	7,844	6,780	1,064
Research and development	$ 16,562	$ 15,332	$ 1,230

Our research and development expenses increased $1.2 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019, primarily from an increase in clinical study project spending for EGL-5385-C-1701 (the Company’s fulvestrant formulation) and employee-related costs of additional headcount to support our pipeline. This increase was partially offset by decreased spend related to the Company's vasopressin initiative.

Selling, General and Administrative

	Six Months Ended June 30,		Increase
	2020	2019	
	(in thousands)		
Selling, general and administrative	$ 42,714	$ 35,369	$ 7,345

Our selling, general and administrative expenses increased $7.3 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019. This increase is primarily related to $2.5 million of costs related to the collaboration with Tyme, coupled with an increase in consulting costs of $0.7 million, increased stock compensation expense of $2.2 million, external legal fees related to ongoing litigation matters of $0.8 million, and is offset by a decrease in travel and entertainment, and trade show costs.

Other Income (Expense)

	Six Months Ended June 30,		Decrease
	2020	2019	
	(in thousands)		
Interest income	$ 496	$ 1,131	$ (635)
Interest expense	(1,675)	(1,351)	(324)
Other expense	(4,200)	—	(4,200)
Total other expense, net	$ (5,379)	$ (220)	$ (5,159)

Our interest income decreased $0.6 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019. This increase is primarily due to lower interest rates associated with money market funds as compared to the six months ended June 30, 2019.

Our interest expense increased $0.3 million in the six months ended June 30, 2020 as compared to the six months ended June 30, 2019. This increase is primarily due to primarily due to additional borrowings from the revolving credit facility during the 2020 year to date period.

Our other income decreased $4.2 million for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019. This decrease is related to fair value adjustments on equity investment in Tyme in the amount of $4.2 million.

Income Tax Provision

	Six Months Ended June 30,	
	2020	2019
	(in thousands)	
Provision for income taxes	$ (5,492)	$ (5,484)
Effective tax rate	232 %	26 %

Our provision for income taxes was based on the applicable federal and state tax rates for those periods. The effective tax rate for the six months ended June 30, 2020 reflects the impact of a valuation allowance established and adjusted for the fair value adjustments on the Company's investment in Tyme, certain non-deductible executive compensation, and changes in state filing positions partially offset by credits for research and development activity. The effective tax rate for the six months ended June 30, 2019 reflects the impact of certain non-deductible executive compensation partially offset by credits for research and development activity.

Liquidity and Capital Resources

Our primary uses of cash are to fund working capital requirements, product development costs and operating expenses. Cash and cash equivalents were $108.2 million and $108.1 million as of June 30, 2020 and June 30, 2019, respectively.

For the six months ended June 30, 2020, we generated a net loss of $3.1 million. As of June 30, 2020, our working capital surplus was $127.9 million. For the six months ended June 30, 2019, we realized net income of $15.7 million.

We believe that future cash flows from operations will be sufficient to fund our currently anticipated working capital requirements for the next 12 months.

The COVID-19 pandemic has disrupted and continues to disrupt the U.S. healthcare system, global economies and global capital markets. There are significant uncertainties surrounding the full extent and duration of the impact of the COVID-19 pandemic on our business and operations. We have experienced variable financial impacts to date, as a result of the COVID-19 pandemic and the ongoing pandemic could have a material adverse impact on our financial condition and results of operations in the future, including our ability to obtain financing when and if needed. The impact of COVID-19 on our business and financial condition is more fully described below in *Trends and Uncertainties.*

Operating Activities:

Net cash provided by operating activities for the six months ended June 30, 2020 was $24.1 million. Net loss for the period was $3.1 million enhanced by the net of non-cash adjustments of approximately $19.4 million from deferred income taxes, depreciation, amortization of intangible assets, stock-based compensation expense, fair value adjustment on an equity investment and amortization of debt issuance costs. Net changes in working capital increased cash from operating activities by approximately $7.8 million, due to changes in working capital accounts. The total amount of accounts receivable at June 30, 2020 was approximately $46.8 million, which included $18.6 million related to product sales and $28.2 million related to royalty revenue. Receivables from our product sales have payment terms ranging from 30 to 75 days with select extended terms to wholesalers on initial purchases of product launch quantities. Our receivables from royalty revenue are due 45-days from the end of the quarter.

Investing Activities:

Net cash used by investing activities for the six months ended June 30, 2020 was $17.9 million, as a result of $17.5 million of investment to purchase 10 million restricted shares of Tyme's common stock and spent $0.4 million for purchases of property and equipment.

Financing Activities:

Net cash used by financing activities for the six months ended June 30, 2020 was $7.8 million, as a result of $2.0 million of principal payments for debt required by the Amended Credit Agreement, $5.0 million in payments related to the repurchases of our common stock, $1.3 million of payments associated with employee withholding tax upon vesting of stock-based awards, partially offset by $0.5 million of proceeds from common stock exercises of employee stock options.

Trends and Uncertainties

Impact of the COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, the President of the United States declared a national emergency relating to the pandemic. Government authorities in the United States have recommended or imposed various social distancing, quarantine, and isolation measures on large portions of the population, and similar measures have also been taken in many other countries around the world. Both the COVID-19 pandemic and the containment and mitigation efforts related to the pandemic have had a serious adverse impact on the U.S. economy and the economies of other countries around the world, the severity and duration of which are uncertain. Some of the government restrictions put in place in response to the COVID-19 pandemic have begun to be relaxed or lifted, but the extent of and timing for such lifting of government restrictions remains uncertain as the COVID-19 pandemic continues to evolve. There is no guarantee that prior or new restrictions will not be reinstated in response to the continued spread of COVID-19.

During the six months ended June 30, 2020, we have experienced a variable impact on our business and financial condition due to the COVID-19 pandemic, which impacts include a decrease in revenue from sales of Belrapzo resulting, in part, from a decrease in inventory stocking and utilization rates, as well as a decrease in research and development expenses partially resulting from preclinical program delays. We also incurred an insignificant amount of incremental administrative costs related to the COVID-19 pandemic. The COVID-19 pandemic, including containment and mitigation measures, has impacted, and is expected to continue to impact, our business and operations in a number of ways, including:

- *Day-to-Day Operations*: Since mid-March 2020, our employees, including customer-facing employees, have been working remotely. The duration and extent of these restrictions are uncertain. We have developed plans to resume in-person work practices as we determine it to be safe to do so and pending relevant health authority guidance. We expect to incur additional expenses in 2020 related to the impact of the COVID-19 pandemic on our operations, including procurement of personal protective equipment for our employees and updates to our facilities to align with safety protocols.
- *Manufacturing and Supply Chain*: We are working closely with our commercial partners and third-party manufacturers to mitigate potential disruptions as a result of the COVID-19 pandemic by continuing to monitor the supply and availability of Bendeka, Ryanodex and Belrapzo for the patients who rely on these products. As of the date of this Quarterly Report, the COVID-19 pandemic has not caused significant disruptions to manufacturing operations or supply of our commercial products in the United States or of clinical trial material for our ongoing trials, no significant additional costs have been incurred and we currently expect to have adequate commercial product availability of Bendeka, Ryanodex and Belrapzo throughout 2020. While the supply disruptions we have experienced in 2020 have been minor, if the COVID-19 pandemic continues to persist for an extended period of time and impacts essential distribution systems such as FedEx and postal delivery, we could experience future disruptions to our supply chain and operations, and associated delays in the manufacturing and our clinical supply, which would adversely impact our development activities.
- *Marketing and Sale of Products*: In addition to the impact on our product revenues resulting in a decrease in sales from Belrapzo, driven, in part, by the COVID-19 pandemic, we have also observed a reduction in the number of Bendeka patients visiting infusion centers, hospitals and clinics for intravenous administration of Bendeka due to interruptions in healthcare services, and the patients' inability to visit administration sites as well as desire to avoid contact with infected individuals. In addition, our sales and marketing teams have been working remotely, and we cannot predict how effective our virtual initiatives will be with respect to marketing and supporting the sale and administration of our products, or when we will be able to resume in-person sales and marketing activities.
- *Liquidity and Capital Resources*: We believe that future cash flows from operations will be sufficient to fund our currently anticipated working capital requirements for the next 12 months. While the COVID-19 pandemic has not had, and we do not expect it to have, a material adverse effect on our liquidity, the situation continues to rapidly evolve and has already resulted in a significant disruption of global financial markets. If the disruption persists or deepens, we could experience an inability to access additional capital when and if needed. If we are unable to obtain funding, we could be forced to delay, reduce or eliminate distribution of our commercialized products, product portfolio expansion or some or all of our research and development programs, which would adversely affect our business prospects. We expect to use be able to obtain any future funding under the terms of the 2019 Credit Agreement, for general corporate purposes and any strategic acquisitions.
- *Regulatory Activities*: We may experience further delays in the timing of NDA review and/or our interactions with FDA due to, for example, absenteeism by governmental employees, inability to conduct planned physical inspections related to regulatory approval, or the diversion of FDA's efforts and attention to approval of other therapeutics or other activities related to COVID-19, which could further delay approval decisions with respect to regulatory submissions or obtain new product approvals.

- *Clinical Development Timelines:* We expect that the clinical trial timelines for certain of our product candidates, including EA-114 (our fulvestrant product candidate), may be delayed given anticipated difficulties with patient enrollment resulting from the COVID-19 pandemic.

There are significant uncertainties surrounding the extent and duration of the impact of the COVID-19 pandemic on our business and operations. We continue to evaluate the impact of the COVID-19 pandemic on our operating results and financial condition. The COVID-19 pandemic has had a variable impact our results of operations during the six months ended June 30, 2020 and, it could have a material adverse impact on our financial condition and results of operations in the future.

Contractual Obligations

Other than as set forth below, there have been no material changes to our contractual and commercial obligations during the six months ended June 30, 2020, as compared to the obligations disclosed in our Annual Report.

Our future material contractual obligations included the following as of June 30, 2020, (in thousands):

Obligations	Total	2020	2021	2022	2023	2024	2025	Beyond
Operating leases (1)	$ 6,242	$ 980	$ 1,362	$ 1,376	$ 1,291	$ 820	$ 413	$ —
Credit facility (2)	37,000	3,000	8,000	26,000	—	—	—	—
Purchase obligations (3)	20,286	20,286	—	—	—	—	—	—
Total obligations	$ 63,528	$ 24,266	$ 9,362	$ 27,376	$ 1,291	$ 820	$ 413	$ —

(1) We lease our corporate office location. On August 8, 2019, we amended the lease for our corporate office location in order to rent additional office space and extend the term of our existing lease to June 30, 2025. The Company also leases its lab space under a lease agreement that expires on October 31, 2023.

(2) Refer to Note 10 Debt for details of the Revised Credit Agreement entered into as of November 8, 2019.

(3) As of June 30, 2020, the Company has purchase obligations in the amount of $20.3 million which represents the contractual commitments under contract manufacturing and supply agreements with suppliers. The obligation under the supply agreement is primarily for finished product, inventory, and research and development.

Recent Accounting Pronouncements

Recent Accounting Pronouncements - Not Yet Adopted

In March 2020, the FASB issued Update 2020-04 Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting to provide temporary optional guidance to ease the potential burden in accounting for reference rate reform. The amendments in Update 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR, formerly known as the London Interbank Offered Rate, or another reference rate expected to be discontinued due to reference rate reform. The new guidance provides optional expedients, including; (1) Simplify accounting analyses under current GAAP for contract modifications, such as modifications of contracts within the scope of Topic 470, Debt, that will be accounted for by prospectively adjusting the effective interest rate, as if any modification was not substantial. That is, the original contract and the new contract shall be accounted for as if they were not substantially different from one another; (2) Simplify the assessment of hedge effectiveness and allow hedging relationships affected by reference rate reform to continue; (3) Allow a one-time election to sell or transfer debt securities classified as held to maturity before January 1, 2020 that reference a rate affected by reference rate reform. The amendments are effective for all entities from the beginning of an interim period that includes the issuance date of the ASU. An entity may elect to apply the amendments prospectively through December 31, 2022. The adoption of ASU 2020-4 is not expected to have a material impact on the Company's financial position or results of operations.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses which requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2019 and the Company adopted the standard effective January 1, 2020. The adoption of ASU 2016-13 had no material impact on the Company's financial position and results of operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Impact of Inflation

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our results of operations and financial condition have been immaterial.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the six months ended June 30, 2020, there were no material changes to our market risk disclosures as set forth in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report, except as discussed below.

We are monitoring the ongoing impacts of the COVID-19 pandemic on our business. While the full extent of the economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict, the impact on the global financial markets may reduce our ability to access capital, which could negatively impact our long-term liquidity.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the "Exchange Act", that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation at June 30, 2020, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended June 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings

The disclosures under Note 12. Legal Proceedings in the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report are incorporated into this Part II, Item 1 by reference.

Item 1A. Risk Factors

An investment in our securities involves a high degree of risk. Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. Except for the updated risk factors set forth immediately below, our risk factors have not changed materially from those described in "Part I, Item 1A. Risk Factors" of our Annual Report.

The COVID-19 pandemic could adversely impact our business, including the marketing, sale and commercialization of our products, our supply chain, our clinical trials, our liquidity and access to capital markets and our business development activities.

On March 11, 2020, the World Health Organization made the assessment that a novel strain of coronavirus, which causes the COVID-19 disease, can be characterized as a pandemic. The President of the United States declared the COVID-19 pandemic a national emergency and many states and municipalities in the Unites States have taken aggressive actions, and may from time to time take additional actions, to reduce the spread of the disease, including limiting non-essential gatherings of people, ceasing all non-essential travel, ordering certain businesses and government agencies to cease non-essential operations at physical locations and issuing "shelter-in-place" orders which direct individuals to shelter at their places of residence (subject to limited exceptions). Even though some of these original restrictions have been relaxed or lifted, additional or renewed limitations have been imposed as COVID-19 continues to spread. In addition, in mid-March 2020, we implemented work-from-home policies which are still in place for the majority of our employees. Our work-from-home policies may negatively impact productivity or disrupt our business, the magnitude of which will continue to depend, in part, on the length of this continued remote working arrangement and other limitations on our ability to conduct our business in the ordinary course. We expect to work from home in the near future and will closely follow the guidance from federal and state authorities, including the Centers for Disease Control and Prevention and the New Jersey Department of Health, in deciding when to transition back to working in our offices. The effects of government actions and our policies and those of third parties to reduce the spread and ameliorate the impact of COVID-19 may negatively impact productivity and our ability to market and sell our products, cause disruptions to our supply chain and ongoing and future clinical trials and impair our ability to execute our business development strategy. These and other disruptions in our operations and the global economy could negatively impact our business, operating results and financial condition.

The marketing, sale and commercialization of our products may be adversely impacted by COVID-19 and actions taken to slow its spread and ameliorate its impact. Although we did not see a material impact on our product revenues in the first half of 2020, we did experience variable impacts on our business and financial condition as a result of the pandemic and we are expecting an impact on our near-term financial results. Other parts of our business have been, and continue to be, impacted by the outbreak. For example, patients have postponed and we expect will continue to postpone visits to healthcare provider facilities, certain healthcare providers have temporarily closed their offices or are restricting patient visits, healthcare provider employees may become generally unavailable and there could be disruptions in the operations of payors, distributors, logistics providers and other third parties that are necessary for our products to be prescribed, reimbursed and administered to patients. For example, we have continued to observe a reduction in the number of BENDEKA patients visiting infusion centers, hospitals and clinics for intravenous administration of BENDEKA due to interruptions in healthcare services, and the patients' inability to visit administration sites and desire to avoid contact with infected individuals. We also cannot predict how effective our virtual initiatives will be with respect to marketing and supporting the sale and administration of our products, or when we will be able to resume in-person sales and marketing activities.

Quarantines, shelter-in-place, safer-at-home and similar government orders, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could continue to occur, related to COVID-19 or other infectious diseases could impact personnel at third-party manufacturing facilities upon which we rely, or the availability or cost of materials, which could disrupt the supply chain for our products. In particular, some of our suppliers of certain materials used in the production of our drug products are located in regions that continue to be subject to COVID-19-related actions and policies that limit the conduct of normal business operations. To the extent our suppliers and service providers are unable to comply with their obligations under our agreements with them or they are otherwise unable to deliver or are delayed in delivering goods and services to us due to the COVID-19 pandemic, our ability to continue meeting commercial demand for our products in the United States or advancing development of our product candidates may become impaired. At this time, we consider our inventories on hand to be sufficient to meet our commercial requirements.

In addition, our clinical trials may be affected by COVID-19. Clinical site initiation and patient enrollment may be delayed due to prioritization of hospital resources toward COVID-19. Current or potential patients in our ongoing or planned clinical trials may also choose to not enroll, not participate in follow-up clinical visits or drop out of the trial as a precaution against contracting COVID-19. Further, some patients may not be able to comply with clinical trial protocols if quarantines continue to impede patient movement or interrupt healthcare services. Some clinical sites in the United States have slowed or stopped further enrollment of new patients in clinical trials, denied access to site monitors or otherwise curtailed certain operations. For example, our timeline for EA-114, Tyme's timeline for SM-88 or the development timelines for any of our other clinical or preclinical programs may experience delays because of these factors. Similarly, our ability to recruit and retain principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19, may be adversely impacted. These events could delay our clinical trials, increase the cost of completing our clinical trials and negatively impact the integrity, reliability or robustness of the data from our clinical trials.

The spread of COVID-19 and actions taken to reduce its spread and ameliorate its impact may also materially affect us economically. As a result of the COVID-19 pandemic and actions taken to slow its spread and ameliorate its impact, the global credit and financial markets have experienced extreme volatility and disruptions, including diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. If the equity and credit markets deteriorate, it may make any additional debt or equity financing more difficult, more costly or more dilutive. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic may be difficult to assess or predict, there could continue to be a significant disruption of global financial markets, reducing our ability to access capital, which could negatively affect our liquidity and financial position or our business development activities.

The COVID-19 pandemic continues to rapidly evolve. The extent to which COVID-19 may continue to impact the marketing, sale and commercialization of our products, our supply chain, our clinical trials, our access to capital and our business development activities, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the pandemic, the duration of the pandemic and the efforts by governments and business to contain it, business closures or business disruptions, any re-opening plans, additional closures and spikes or surges in COVID-19 infection, and the impact on the economy and capital markets.

We rely on limited sources of supply for our products and product candidates, and any disruption in the chain of supply may impact production and sales of our products and cause delay in developing and commercializing our product candidates.

We currently have relationships with a limited number of third parties for the manufacture of our products and product candidates. Because of the unique equipment and process for manufacturing our products, transferring manufacturing activities to an alternate supplier would be a time-consuming and costly endeavor, and there are only a limited number of manufacturers that we believe are capable of performing this function for us. Switching finished drug suppliers may involve substantial cost and could result in a delay in our desired clinical and commercial timelines. If any of these single-source manufacturers breaches or terminates their agreements with us, we would need to identify an alternative source for the manufacture and supply of product candidates to us for the purposes of our development and commercialization of the applicable products. Identifying an appropriately qualified source of alternative supply for any one or more of these product candidates could be time consuming, and we may not be able to do so without incurring material delays in the development and commercialization of our product candidates, which could harm our financial position and commercial potential for our products. Any alternative vendor would also need to be qualified through an NDA supplement which could result in further delay. The FDA or other regulatory agencies outside of the United States may also require additional studies if we appoint a new manufacturer for supply of our product candidates that differs from the manufacturer used for clinical development of such product candidates. For our other product candidates, we expect that only one supplier will initially be qualified as a vendor with the FDA. If supply from the approved vendor is interrupted, there could be a significant disruption in commercial supply.

Additionally, if the COVID-19 pandemic continues to persist for an extended period of time and begins to impact essential distribution systems such as FedEx and postal delivery, we could experience disruptions to our supply chain and operations, and associated delays in the manufacturing and supply of our products, which would adversely impact our ability to deliver products to clinical trial sites or to generate sales of and revenues from our approved products.

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

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act ("Tax Act") as modified by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), federal net operating losses incurred in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal net operating losses in tax years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the Tax Act, or the CARES Act. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income or taxes may be limited. In addition, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us. In addition, at the state level, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales and use or other tax laws or regulations could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws and regulations could be interpreted, modified or applied adversely to us. For example, the Tax Act enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. For example, the CARES Act modified certain provisions of the Tax Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the CARES Act, or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net operating losses, and other deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets and could increase our future U.S. tax expense.

Current and future legislation may increase the difficulty and cost for us to commercialize our product candidates and affect the prices we may obtain for our products.

The United States and some foreign jurisdictions are considering, or have enacted, a number of legislative and regulatory proposals to change the health care system in ways that could affect our ability to sell our products and our product candidates profitably, once they are approved for sale. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in health care systems with the stated goals of containing health care costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives.

By way of example, in March 2010, the ACA was passed, which significantly changed health care financing by both governmental and private insurers. There have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the U.S. Presidential administration to repeal or replace certain aspects of the ACA.. Since January 2017, the U.S. President has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have been signed into law. For example, the Tax Cuts and Jobs Act of 2017, or Tax Act, included a provision which repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate". Additionally, the 2020 federal spending package permanently eliminated, effective January 1, 2020, the PPACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. The Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to increase from 50 percent to 70 percent the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole". In December 2018, CMS published a new final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a Texas U.S. District Court Judge ruled that ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Act. On December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the PPACA are invalid as well. It is unclear how this decision, future decisions, subsequent appeals, and other efforts to repeal and replace ACA will impact ACA and our business.

We cannot predict how future federal or state legislative or administrative changes relating to healthcare reform will affect our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. For example, in August 2011, President Obama signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend proposals for spending reductions to Congress. The Joint Select Committee on Deficit Reduction did not achieve its targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reductions to several government programs. These reductions include aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect on April 1, 2013 and, following passage of the Bipartisan Budget Act of 2015 as well as other legislative amendments, including the BBA, will remain in effect through 2029 unless additional Congressional action is taken. Additionally, in January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, further reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Further, under the Drug Supply Chain Security Act signed into law on November 27, 2013, certain drug manufacturers will be subject to product identification, tracing and verification requirements, among others, that are designed to improve the detection and removal of counterfeit, stolen, contaminated or otherwise potentially harmful drugs from the U.S. drug supply chain. These requirements will be phased in over several years and compliance with this law will likely increase the costs of the manufacture and distribution of drug products, which could have an adverse effect on our financial condition.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed and adopted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. For example, the current U.S. Presidential administration’s budget proposal for fiscal year 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. Further, the U.S. Presidential administration previously released a “Blueprint”, or plan, to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of drug products paid by consumers. The Department of Health and Human Services, or HHS, has solicited feedback on some of these measures and has implemented others under its existing authority. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning on January 1, 2020. The final rule codified a CMS policy change that was effective January 1, 2019. On July 24, 2020, the current U.S. Presidential administration announced four executive orders related to prescription drug pricing that attempt to implement several of the administration’s proposals, including a policy that would tie Medicare Part B drug prices to international drug prices; one that directs HHS to finalize the Canadian drug importation proposed rule previously issued by HHS and makes other changes allowing for personal importation of drugs from Canada; one that directs HHS to finalize the rulemaking process on modifying the anti-kickback law safe harbors for discounts for plans, pharmacies, and pharmaceutical benefit managers; and one that reduces costs of insulin and epipens to patients of federally qualified health centers. While some of these and other proposed measures may require additional authorization to become effective, Congress and the current U.S. Presidential administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. The full impact of these laws, as well as other new laws and reform measures that may be proposed and adopted in the future remains uncertain, but may result in additional reductions in Medicare and other health care funding, or higher production costs which could have a material adverse effect on our customers and, accordingly, our financial operations.

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

Issuer Purchases of Equity Securities

Share Repurchase Program

On March 17, 2020, the Company announced that our Board approved a new share repurchase program, or the Share Repurchase Program, providing for the repurchase of up to an aggregate of $160.0 million of the Company's outstanding common stock. The Share Repurchase Program replaces the Previous Share Repurchase Program, which was announced on October 30, 2018 and was terminated in connection with the Board's approval of the Share Repurchase Program. At termination, the Company had repurchased approximately $68.0 million of the Company's outstanding common stock under the Previous Share Repurchase Program.

Under the Share Repurchase Program, the Company is authorized to repurchase shares through open market purchases, privately-negotiated transactions, accelerated share repurchases or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The repurchases have no time limit and may be suspended or discontinued completely at any time. The specific timing and amount of repurchases will vary based on available capital resources and other financial and operational performance, market conditions, securities law limitations, and other factors. The repurchases will be made using the Company's cash resources.

The Company made the following purchases of our equity securities during the period covered by this Quarterly Report.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
				(dollars in thousands)
April 1, 2020 to April 30, 2020	—	N/A	—	158,999
May 1, 2020 to May 31, 2020	—	N/A	—	158,999
June 1, 2020 to June 30, 2020	84,390	$ 47.40	84,390	154,998
Total	84,390		84,390	

(1) All shares repurchased by the Company during the three months ended June 30, 2020 were repurchased pursuant to the Share Repurchase Program, described above.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number		Description of Exhibit
3.1		Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1/A, SEC File No. 333-192984, filed January 28, 2014)
3.2		Amended and Restated Bylaws (incorporated by reference to Exhibit 3.4 to the Registrant's Registration Statement on Form S-1/A, SEC File No. 333-192984, filed January 28, 2014)
31.1	(1)	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	(1)	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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.
101.INS		XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH		Inline XBRL Taxonomy Extension Schema Document
101.CAL		Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF		Inline XBRL Taxonomy Definition Linkbase Document
101.LAB		Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE		Inline XBRL Taxonomy Extension Presentation Linkbase Document
104		Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

(1) Filed herewith.

†Management contract or compensatory plan or arrangement.

**The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Eagle Pharmaceuticals, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of such Form 10-Q), irrespective of any general incorporation language contained in such filing.

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 thereunto duly authorized

EAGLE PHARMACEUTICALS, INC.

DATED: August 10, 2020

By: /s/ Scott Tarriff
Scott Tarriff
Chief Executive Officer
(Principal Executive Officer)

DATED: August 10, 2020

By: /s/ Pete A. Meyers
Pete A. Meyers
Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Scott Tarriff, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eagle Pharmaceuticals, Inc.;

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 the 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.

Date: August 10, 2020

/s/ Scott Tarriff

Scott Tarriff
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Pete A. Meyers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eagle Pharmaceuticals, Inc.;

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 the 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.

Date: August 10, 2020

/s/ Pete A. Meyers

Pete A. Meyers
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 32.1

Certification Pursuant to

18 U.S.C. Section 1350,

As Adopted Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), **Scott Tarriff**, Chief Executive Officer of Eagle Pharmaceuticals, Inc. (the "Company"), and **Pete A. Meyers**, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2020, (the "Quarterly Report"), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the 10th day of August 2020.

By: /s/ Scott Tarriff

Scott Tarriff
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Pete A. Meyers

Pete A. Meyers
Chief Financial Officer
(Principal Financial and Accounting Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Eagle Pharmaceuticals, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.