

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

FORM 8-K/A

CURRENT REPORT

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

December 19, 2024

Date of Report (Date of earliest event reported)

ETON PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of
incorporation)

001-38738
(Commission
File Number)

37-1858472
(I.R.S. Employer
Identification Number)

21925 W. Field Parkway, Suite 235
Deer Park, Illinois 60010-7208
(Address of principal executive offices) (Zip code)

(847) 787-7361
(Registrant's telephone number, including area code)

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

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	ETON	NASDAQ Global Market

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

Emerging growth company

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

Item 2.01. Completion of Acquisition or Disposition of Assets.

On December 20, 2024, Eton Pharmaceutical, Inc. (the "Company") filed a Current Report on Form 8-K reporting that on December 19, 2024, the Company completed its purchase (the "Acquisition") of Increlex® ("Increlex") from Ipsen S.A. ("Ipsen"). On March 7, 2025, the Company filed Amendment No. 1 to Form 8-K ("Amendment No. 1") amending the Form 8-K filed on December 20, 2024 (the "Original Report"). Amendment No. 1 was being filed to provide the status of filing the financial statements relating to the Increlex as required by Item 9.01 of Form 8-K. Amendment No. 1 amended Item 2.01 and included additional information under Item 8.01 and no changes have been made to the Original Report.

This Current Report on Form 8-K/A amends the original Form 8-K filed on December 20, 2024 to provide the historical financial statements of the Acquisition required under Item 9.01(a) of Form 8-K and the pro forma financial information required under Item 9.01(b) of Form 8-K. Except as set forth herein, this amendment does not amend, modify or update the disclosure contained in the original Form 8-K (including the exhibits thereto).

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited abbreviated financial statements of INCRELEX as of and for the years ended December 31, 2022 and 2023, and unaudited abbreviated financial statements of INCRELEX as of September 30, 2024 and for the nine months ended September 30, 2023 and 2024, in each case with the accompanying notes, together with the Independent Auditors' Report thereon, are filed as Exhibit 99.1 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial statements of the Company and INCRELEX as of and for the nine months ended September 30, 2023 and 2024 are included as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated by reference herein.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Audited abbreviated financial statements of INCRELEX as of and for the years ended December 31, 2022 and 2023 and unaudited abbreviated financial statements of INCRELEX as of September 30, 2024 and for the nine months ended September 30, 2023 and 2024, including notes thereto and Independent Auditors' report thereon.</u>
99.2	<u>Unaudited pro forma condensed combined financial statements of the Company and INCRELEX for the nine months ended September 30, 2023 and 2024.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

Date: November 18, 2025

By: /s/ James R. Gruber

James R. Gruber
Chief Financial Officer and Secretary
(Principal Financial Officer)

**ACQUIRED INCRELEX® PRODUCT
ABBREVIATED FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2023 AND 2022 AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Audited)
AS OF SEPTEMBER 30, 2024 (Unaudited) AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (Unaudited)**

ACQUIRED INCRELEX® INDEX TO ABBREVIATED FINANCIAL STATEMENTS

Report of Independent Certified Public Accountants	1
Abbreviated Financial Statements:	
Statements of Assets Acquired as of December 31, 2023 and 2022 (Audited) and as of September 30, 2024 (Unaudited)	3
Statements of Revenues and Direct Expenses for the years ended December 31, 2024 and 2023 (Audited) and for the nine months ended September 30, 2024 and 2023	4
Notes to Abbreviated Financial Statements	5

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Eton Pharmaceuticals, Inc.

Opinion

We have audited the abbreviated financial statements of the Acquired Increlex® Product (the “Product Line”), which comprise the statements of assets acquired as of December 31, 2023 and 2022, and the related statements of revenues and direct expenses for the years then ended December 31, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the accompanying abbreviated financial statements present fairly, in all material respects, the statement of assets acquired as of December 31, 2023 and 2022, and the related statement of revenues and direct expenses for the years ended December 31, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a matter

As described in Note 1, the accompanying abbreviated financial statements have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in an amendment to a Form 8-K to be filed by Eton Pharmaceuticals, Inc. and are not intended to be a complete presentation of assets, liabilities, revenues and expenses of the Product Line. Our opinion is not modified with respect to this matter.

Basis for opinion

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the abbreviated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of abbreviated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the abbreviated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Product Line’s ability to continue as a going concern for one year after the date the abbreviated financial statements are issued.

Auditor’s responsibilities for the audit of the financial statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the abbreviated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Product Line's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the abbreviated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise doubt about the Product Line's ability to continue as a going concern for a reasonable period of time.

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

GRANT THORNTON LLP

Chicago, Illinois

ACQUIRED INCRELEX® PRODUCT
ABBREVIATED FINANCIAL STATEMENTS
STATEMENT OF ASSETS ACQUIRED
(USD In thousands)

	December 31,		September 30
	2023	2022	2024
Assets			(Unaudited)
Current assets:			
Inventories, net	\$ 13,933	\$ 20,369	\$ 21,309
Total current assets	13,933	20,369	21,309
Total assets acquired	\$ 13,933	\$ 20,369	\$ 21,309

The accompanying notes are an integral part of these abbreviated financial statements.

ACQUIRED INCRELEX® PRODUCT
ABBREVIATED FINANCIAL STATEMENTS
STATEMENT OF REVENUES AND DIRECT EXPENSES
(USD In thousands)

	For the years ended		Nine months ended	
	December 31, 2023	December 31, 2022	September 30, 2024	September 30, 2023
	(Unaudited)			
Net sales	\$ 18,739	\$ 15,130	\$ 13,027	\$ 13,860
Direct costs and operating expenses:				
Cost of sales	8,835	9,303	5,415	5,930
Research and development expenses	1,525	1,750	833	1,104
Selling, general and administrative expenses	4,517	11,057	2,719	3,375
Total direct costs and operating expenses	<u>14,877</u>	<u>22,110</u>	<u>8,967</u>	<u>10,409</u>
Net sales in excess (deficit) of direct costs and operating expenses	<u>\$ 3,862</u>	<u>\$ (6,980)</u>	<u>\$ 4,060</u>	<u>\$ 3,451</u>

The accompanying notes are an integral part of these abbreviated financial statements.

**ACQUIRED INCRELEX® PRODUCT
ABBREVIATED FINANCIAL STATEMENTS
NOTES TO ABBREVIATED FINANCIAL STATEMENTS**

1. Nature of the Business and Basis of Presentation

Description of the Transaction

On October 2, 2024, Eton Pharmaceuticals, Inc. (the "Company or Eton") and Ipsen Biopharmaceuticals, Inc. ("Ipsen"), a subsidiary of Ipsen S.A., entered into an Asset Purchase Agreement (the "Acquired INCRELEX® Product"), whereby the Company agreed to acquire Increlex® (mecasermin injection) from Ipsen. Increlex® is a biologic product used to treat children and adolescents from two-to 18-years-old who suffer from severe primary insulin-like growth factor 1 deficiency (SPIGFD). The primary reason for the Increlex® product acquisition was due to the Company's expertise and strong relationships in pediatric endocrinology in addition to leveraging the Company's existing sales team to increase awareness of SPIGFD.

Under the terms of the Acquired INCRELEX® Product, the Company acquired Increlex® for \$22,500 at closing, plus an additional \$7,500 for product inventory. The Company will also make payments to Ipsen of \$2,500 on each of the first and second anniversaries of closing. In addition, the Company will be obligated to purchase additional inventory over 30 months, in an amount not to exceed €15,000. The Company also entered into an amendment to its existing credit agreement with SWK Holdings Corporation ("SWK") that was contingent upon the closing of the Purchase Agreement. Under the terms of the amendment, the Company expanded its existing credit facility by \$25,700 to \$30,000, extended the facility's maturity to three years from closing, and reduced the facility's annual interest rate to Secured Overnight Financing Rate ("SOFR") plus 6.75%. In connection with the closing of Purchase Agreement, the Company issued a warrant to the lender for the purchase of up to 289,736 shares of common stock at a price of \$5.32 per share. On December 19, 2024, the Company completed the acquisition of Increlex®.

The Company determined that the asset purchase agreement met the definition of a business under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, Business Combinations ("ASC 805"); therefore, the Company accounted for the Acquired INCRELEX® Product as a business combination and applied the acquisition method of accounting.

Basis of Presentation

The accompanying abbreviated financial statements, which consist of the statements of assets acquired as of December 31, 2023 and 2022 and September 30, 2024 and related statements of revenues and direct expenses for the years ended December 31, 2023 and 2022 and for the nine months ended September 30, 2024 and 2023, and the related notes thereto will henceforth be collectively referred to as the "Abbreviated Financial Statements". The Abbreviated Financial Statements were prepared for the purpose of complying with the requirements of Rule 3-05 of the U.S. Securities Exchange Commission Regulation S-X and present the assets acquired and liabilities assumed and the related revenues and direct expenses of the Acquired Increlex® Product. The Abbreviated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America and are unaudited with respect to the accompanying financial statements as of September 30, 2024 and for the nine months ended September 30, 2024 and 2023.

INCRELEX® was not a separate legal entity, subsidiary, or operating segment of Ipsen; it was a fully integrated part of Ipsen's consolidated business and operations and did not represent a substantial portion of Ipsen's assets and liabilities. It is impracticable to prepare complete financial statements related to INCRELEX as Ipsen has not accounted for INCRELEX® on a stand-alone basis or as a separate division or subsidiary, nor has Ipsen maintained the distinct and separate books and records necessary to prepare full stand-alone or carve-out financial statements. As a result, the statements of revenues and direct expenses were derived from the operating activities directly attributable to INCRELEX® from Ipsen's books and records and contain certain estimates and allocation methodologies. Although management is unable to determine all of the actual costs, expenses and resulting operating results associated with the Acquired INCRELEX® Product, it considers the allocation of such items to be reasonable for the periods presented. However, the revenues and direct expenses of INCRELEX® may differ from the results that would have been achieved had INCRELEX® operated as a separate entity and may not necessarily reflect the assets and liabilities or revenues and expenses of INCRELEX® on a stand-alone basis in the future.

In addition, and as described further in Note 2, the statements of revenues and direct expenses exclude corporate overhead costs borne by Ipsen to support INCRELEX. As such, the statements are not indicative of the future results of INCRELEX® as they omit various operating expenses that the Company will incur to operate the Acquired INCRELEX® Product in the future.

2. Corporate Overhead Accounting Consideration

Ipsen performs certain functions for Increlex®, but not limited to, corporate management, certain legal services, administration of insurance, regulatory and compliance, treasury, information systems, finance, corporate income tax administration, facilities and other corporate expenses.

The costs of these functions historically have not been allocated to its products, and are not directly attributable or specifically identifiable to Increlex®, and therefore, are not included in the Abbreviated Financial Statements. Income taxes and interest expenses have not been included in the accompanying statements as these expenses are not specifically attributable to Increlex®.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the Abbreviated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of direct assets and liabilities at the date of the statements of assets acquired and the reported amounts of revenues and direct expenses during the reporting periods. Significant estimates and assumptions reflected in these Abbreviated Financial Statements relate to inventory valuation and the allocation of certain operating expenses. Actual results could differ from the estimates and assumptions used in preparing these Abbreviated Financial Statements.

Revenue Recognition

Increlex revenues correspond to the sales of pharmaceuticals products. Revenue is recognized when control of the goods is transferred to the customer. Revenue is recorded for the amount expected to be received:

- o Sales of pharmaceuticals products are recognized when transfer of control occurs; in most agreements, when products are physically transferred (delivery), in accordance with the delivery and acceptance terms agreed upon with the customer. In the case when the agreement is a consignment agreement, the sale is recognized on the date control is transferred to the end-customer ;
- o Sales are recorded and presented net of returns, rebates and discounts granted to customers as well as certain payments due to public health authorities determined based on sales. Rebates and discounts are recognized at the same time as the sales and are identified as being a variable pricing element.

Inventory

Inventories are measured at the lower of cost and net realizable value. The internal cost price is determined using the weighted average cost method. Net realizable value is the estimated sales price in the normal course of business, less the estimated costs necessary to make the sale.

The cost of finished goods includes all purchasing costs, transformation costs and other costs incurred to ship inventories to their present location and in their current condition.

Customer Concentration

Significant customers are those which Increlex® had customers that individually represented 10% or more of its revenue. The percentage of revenue from significant customers is as follows:

	For the years ended		Nine months ended	
	December 31, 2023	December 31, 2022	September 30, 2024	September 30, 2023
			(Unaudited)	
Customer A	11.6%	11.6%	N/A	11.2%
Customer B	44.1%	36.5%	41.4%	43.9%
Customer C	12.3%	16.2%	15.4%	12.1%

4. Inventory

Inventories are stated at standard cost, adjusted for capitalized manufacturing variances based on inventory turnover. Inventories are presented net of write-downs for excess, obsolete, or non-usable items, including products with less than six months of remaining shelf life or those identified as blocked or quarantined:

	December 31,		September 30
	2023	2022	2024
			(Unaudited)
Raw materials	\$ 1,015	\$ 4,200	\$ 8,135
Semi-finished goods	8,190	10,571	9,805
Finished goods	4,728	5,598	3,369
Inventory, net	\$ 13,933	\$ 20,369	\$ 21,309

5. Commitments and Contingencies

There are no claims or disputes pending in relation with Increlex.

6. Subsequent Events

The Company has evaluated subsequent events through November 18, 2025, the date on which these Abbreviated Financial Statements were available to be issued, and is not aware of any items that would require adjustment to or disclosure in these Abbreviated Financial Statements and related notes, with the exception of the Acquired INCRELEX® Product, as previously described in Note 1.

UNAUDITED PROFORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On October 2, 2024, Eton Pharmaceuticals, Inc. (the "Company or Eton") and Ipsen Biopharmaceuticals, Inc. ("Ipsen"), a subsidiary of Ipsen S.A., entered into an Asset Purchase Agreement (the "Acquired INCRELEX® Product"), whereby the Company agreed to acquire Increlex® (mecasermin injection) from Ipsen. Increlex® is a biologic product used to treat children and adolescents from two-to 18-years-old who suffer from severe primary insulin-like growth factor 1 deficiency (SPIGFD). The primary reason for the Increlex® product acquisition was due to the Company's expertise and strong relationships in pediatric endocrinology in addition to leveraging the Company's existing sales team to increase awareness of SPIGFD.

Under the terms of the Acquired INCRELEX® Product, the Company acquired Increlex® for \$22,500 at closing, plus an additional \$7,500 for product inventory. The Company will also make payments to Ipsen of \$2,500 on each of the first and second anniversaries of closing. In addition, the Company will be obligated to purchase additional inventory over 30 months, in an amount not to exceed €15,000. The Company also entered into an amendment to its existing credit agreement with SWK Holdings Corporation ("SWK") that was contingent upon the closing of the Purchase Agreement. Under the terms of the amendment, the Company expanded its existing credit facility by \$25,700 to \$30,000, extended the facility's maturity to three years from closing, and reduced the facility's annual interest rate to Secured Overnight Financing Rate ("SOFR") plus 6.75%. In connection with the closing of Purchase Agreement, the Company issued a warrant to the lender for the purchase of up to 289,736 shares of common stock at a price of \$5.32 per share. On December 19, 2024, the Company completed the acquisition of Increlex®. The Company determined that the asset purchase agreement met the definition of a business under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, Business Combinations ("ASC 805"); therefore, the Company accounted for the Acquired INCRELEX® Product as a business combination and applied the acquisition method of accounting.

The following tables and accompanying notes (collectively the "Unaudited Pro Forma Condensed Combined Financial Statements") present the Company's statements of operations on a proforma combined basis after giving effect to the Acquired INCRELEX® Product. The information in the tables below under the heading "Unaudited Pro Forma Condensed Combined Statement of Operations" for the nine months ended September 30, 2024 and 2023 give effect to the Acquired INCRELEX® Product as if it had taken place on September 30, 2023 (the "Unaudited Pro Forma Condensed Combined Statements of Operations").

The proforma transaction accounting adjustments are based upon currently available information and certain assumptions that the Company's management believes are reasonable. The Unaudited Pro Forma Condensed Combined Financial Statements are presented for informational purposes only and are not intended to present or be indicative of what the results of operations or financial position would have been had the events actually occurred on the date indicated, nor are they meant to be indicative of future results of operations or financial position for any future period or as of any future date. The Unaudited Pro Forma Condensed Combined Financial Statements do not include any adjustments not otherwise described herein; they do not give effect to the potential impact of current financial conditions, or any anticipated revenue enhancements, cost savings, operating synergies or dis-synergies that may result from the Acquired INCRELEX® Product.

The historical financial information of the Company being presented in these Unaudited Pro Forma Condensed Combined Financial Statements is derived from the Company's unaudited consolidated statement of operations for the nine months ended September 30, 2023 and 2024, and its audited consolidated statement of operations for the fiscal year ended December 31, 2023 and 2024, which were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The historical financial information of the Acquired INCRELEX® Product is derived ("carved-out") from Ipsen's consolidated financial statements, including the unaudited consolidated statement of revenues and direct expenses for the nine months ended September 30, 2023, the audited consolidated statement of revenues and direct expenses for the years ended December 31, 2023 and 2024 and the unaudited statement of assets acquired as of September 30, 2023, which were prepared in accordance with GAAP and presented in the Acquired INCRELEX® Product's Abbreviated Financial Statements included in Exhibit 99.1 of this Form 8-K/A. Note 1 to the Acquired INCRELEX® Product's Abbreviated Financial Statements provides further information regarding the basis of presentation and allocations made in the Abbreviated Financial Statements. The Abbreviated Financial Statements only reflect the Acquired INCRELEX® Product conveyed in the Agreement, and do not purport to reflect the financial position and results of operations of the Acquired INCRELEX® Product had such business operated on a stand-alone basis during the periods presented.

The assumptions and estimates underlying the unaudited adjustments to the Unaudited Pro Forma Condensed Combined Financial Statements are described in the accompanying notes, which should be read together with the Unaudited Pro Forma Condensed Combined Financial Statements. In addition, the Unaudited Pro Forma Condensed Combined Financial Statements should be read in conjunction with the following:

- The Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on March 18, 2025;
- The Acquired INCRELEX® Products' audited Abbreviated Financial Statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022 included in Exhibit 99.1 of this Form 8-K/A; and
- The Acquired INCRELEX® Products' unaudited Abbreviated Financial Statements as of September 30, 2024 and for the nine months ended September 30, 2023 and 2022 included in Exhibit 99.2 of this Form 8-K/A.

ETON PHARMACEUTICALS, INC.
UNAUDITED PROFORMA CONDENSED BALANCE SHEETS
As of September 30, 2024

	Eton (Historical)	Pro Forma Adjustments	Combined Balance Sheets
Assets			
Cash and cash equivalents	\$ 20,261	\$ (4,350)	\$ 15,911
Inventories, net	1,938	13,010	14,948
Other current assets	7,550	—	7,550
Intangible assets, net	5,854	21,250	27,104
Other long-term assets, net	238	—	238
Total assets	\$ 35,841	\$ 29,910	\$ 65,751
Liabilities and stockholders' equity			
Current liabilities	\$ 19,734	\$ —	\$ 19,734
Other long-term liabilities	126	29,926	30,052
Common Stock	26	—	26
Additional paid-in capital	123,250	—	123,250
Accumulated deficit	(107,295)	(16)	(107,311)
Total liabilities and stockholders' equity	\$ 35,841	\$ 29,910	\$ 65,751

ETON PHARMACEUTICALS, INC.
UNAUDITED PROFORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Nine Months Ended September 30, 2024
(In thousands except per share data)

	<u>Eton</u> <u>(Historical)</u>	<u>INCRELEX®</u> <u>(Historical)</u>	<u>Transaction</u> <u>Accounting</u> <u>Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u> <u>Combined</u>
Total net revenues	\$ 27,364	\$ 13,027	\$ -		\$ 40,391
Total cost of sales	10,429	5,415	3,686	3a	19,530
Gross profit	<u>16,935</u>	<u>7,612</u>	<u>(3,686)</u>		<u>20,861</u>
Operating expenses:					
Research and development	4,126	-	-		4,126
General and administrative	16,035	3,552	-		19,587
Total operating expenses	<u>20,161</u>	<u>3,552</u>	<u>-</u>		<u>23,713</u>
Income (loss) from operations	(3,226)	4,060	(3,686)		(2,852)
Interest income (expense)	(71)	-	(2,679)	3c	(2,750)
Income (loss) before income tax expense	(3,297)	4,060	(6,365)		(5,602)
Income tax benefit (expense)	72	(97)	154	3d	129
Net income (loss)	<u>\$ (3,225)</u>	<u>\$ 3,963</u>	<u>\$ (6,211)</u>		<u>\$ (5,473)</u>
Earnings (loss) per share:					
Net loss - basic and diluted	\$ (0.12)			3e	\$ (0.21)
Weighted average shares outstanding - basic and diluted	25,814			3e	25,814

ETON PHARMACEUTICALS, INC.
UNAUDITED PROFORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Nine Months Ended September 30, 2023
(In thousands except per share data)

	<u>Eton</u> <u>(Historical)</u>	<u>INCRELEX®</u> <u>(Historical)</u>	<u>Transaction</u> <u>Accounting</u> <u>Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u> <u>Combined</u>
Total net revenues	\$ 24,329	\$ 13,860	\$ -		\$ 38,189
Total cost of sales	6,898	5,930	3,634	3a	16,462
Gross profit	<u>17,431</u>	<u>7,930</u>	<u>(3,634)</u>		<u>21,727</u>
Operating expenses:					
Research and development	2,275	-	-		2,275
General and administrative	14,355	4,479	590	3b	19,424
Total operating expenses	<u>16,630</u>	<u>4,479</u>	<u>590</u>		<u>21,699</u>
Income (loss) from operations	801	3,451	(4,224)		28
Interest income (expense)	519	-	(3,922)	3c	(3,403)
Income (loss) before income tax expense	1,320	3,451	(8,146)		(3,375)
Income tax benefit (expense)	-	(618)	1,458		840
Net income (loss)	<u>\$ 1,320</u>	<u>\$ 2,833</u>	<u>\$ (6,688)</u>		<u>\$ (2,535)</u>
Earnings (loss) per share:					
Net income (loss) - basic	\$ 0.05			3e	\$ (0.10)
Net income (loss) - diluted	\$ 0.05			3e	\$ (0.10)
Weighted average shares outstanding - basic	25,613			3e	25,613
Weighted average shares outstanding - diluted	26,002			3e	25,613

ETON PHARMACEUTICALS, INC.

NOTES TO UNAUDITED PROFORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Description of the Transaction

On October 2, 2024, Eton Pharmaceuticals, Inc. (the "Company or Eton") and Ipsen Biopharmaceuticals, Inc. ("Ipsen"), a subsidiary of Ipsen S.A., entered into an Asset Purchase Agreement (the "Acquired INCRELEX® Product"), whereby the Company agreed to acquire Increlex® (mecasermin injection) from Ipsen. Increlex® is a biologic product used to treat children and adolescents from two-to 18-years-old who suffer from severe primary insulin-like growth factor 1 deficiency (SPIGFD). The primary reason for the Increlex® product acquisition was due to the Company's expertise and strong relationships in pediatric endocrinology in addition to leveraging the Company's existing sales team to increase awareness of SPIGFD.

Under the terms of the Acquired INCRELEX® Product, the Company acquired Increlex® for \$22,500 at closing, plus an additional \$7,500 for product inventory. The Company will also make payments to Ipsen of \$2,500 on each of the first and second anniversaries of closing. In addition, the Company will be obligated to purchase additional inventory over 30 months, in an amount not to exceed €15,000. The Company also entered into an amendment to its existing credit agreement with SWK Holdings Corporation ("SWK") that was contingent upon the closing of the Purchase Agreement. Under the terms of the amendment, the Company expanded its existing credit facility by \$25,700 to \$30,000, extended the facility's maturity to three years from closing, and reduced the facility's annual interest rate to Secured Overnight Financing Rate ("SOFR") plus 6.75%. In connection with the closing of Purchase Agreement, the Company issued a warrant to the lender for the purchase of up to 289,736 shares of common stock at a price of \$5.32 per share. On December 19, 2024, the Company completed the acquisition of Increlex®.

The Company determined that the asset purchase agreement met the definition of a business under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, Business Combinations ("ASC 805"); therefore, the Company accounted for the Acquired INCRELEX® Product as a business combination and applied the acquisition method of accounting.

2. Basis of Presentation

The Unaudited Pro Forma Condensed Combined Financial Statements were prepared in accordance with Article 11 of Regulation S-X to illustrate the pro forma effects of the Acquired INCRELEX® Product.

The Unaudited Pro Forma Condensed Combined Statements of Operations for the nine months ended September 30, 2023 and 2024 combine the historical consolidated statements of operations of the Company and the historical statements of revenues and direct expenses of the Acquired INCRELEX® Product for such periods, giving effect to (i) the Acquired INCRELEX® Product as if it had taken place on October 1, 2023 and (ii) the assumptions and adjustments described in the accompanying notes to these Unaudited Pro Forma Condensed Combined Financial Statements.

The Unaudited Pro Forma Condensed Combined Financial Statements have been prepared using the acquisition method of accounting in accordance with ASC 805 with the Company treated as the accounting acquirer. As of the date of this Form 8-K/A to which the Unaudited Pro Forma Condensed Combined Financial Statements are attached, the Company has not completed the detailed valuation procedures necessary to finalize the required estimated fair values and estimated lives of the assets acquired, the estimated fair values of the liabilities assumed, and the related allocation of the purchase price. The effect of fair values and purchase price allocation contained within these statements are preliminary and are based on management's estimates after initial consultations with valuation personnel and discussions with the Company's management. The final allocation of the purchase price will be determined after completion of an analysis to determine the estimated fair value of the assets acquired, liabilities assumed, and associated tax adjustments; the analysis is expected to be completed by the end of the calendar year. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited proforma adjustments described in these notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

3. Transaction Accounting Adjustments

The transaction accounting adjustments are based on the Company's preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the Unaudited Pro Forma Condensed Combined Financial Statements:

a. Cost of sales - Amortization Expense Related to Intangible Asset

Reflects the adjustments to record amortization expenses based on the straight-line method of \$1,594 for the nine months ended September 30, 2024 and 2023 respectively. The estimated fair value of the intangible asset was determined using the multi-period excess earnings method ("MPEEM"), which is a form of income approach, which incorporates the estimated future cash flows to be generated from the product utilizing the existing customer base. Excess earnings are the earnings remaining after deducting the market rates of return on the estimated value of contributory assets, including debt-free net working capital, tangible assets, other long-term assets and other identifiable intangible assets. The excess earnings are thereby calculated from each year of a multi-year projection period and discounted to present value. The primary components of this method consist of the discount rate and contributory asset charges. The imputed fair value of the Increlex® intangible asset of \$21,250 will be amortized over its useful life of ten years.

For the nine months ended September 30, 2024 and 2023, cost of sales includes \$2,092 and \$2,040, respectively, which reflects the adjustment to record the additional step-up in fair value of the acquired inventory.

b. General and Administrative - Transaction Costs

For the nine months ended September 30, 2023, there was an adjustment to record the acquisition transaction costs of \$415 and fees incurred with respect to the transaction services agreement of \$175.



c. Interest Income (Expense) Interest Expense on SWK Loan

For the nine months ended September 30, 2023, the pro forma adjustments reflect \$805 associated with the reversal of interest expense with respect to the prior SWK debt, \$3,367 associated with the increase in new SWK debt, \$870 in incremental amortization expenses associated with the deferred financing costs with respect to the amended SWK credit agreement, \$16 expense of immaterial goodwill associated with the Acquired INCRELEX® Product and \$474 associated with the accretion to interest expense of the deferred consideration due to Ipsen.

For the nine months ended September 30, 2024, the pro forma adjustments reflect the reversal of \$672 associated with the reversal of interest expense with respect to the prior SWK debt, \$3,175 associated with the increase in new SWK debt, \$16 expense reversal of immaterial goodwill associated with the Acquired INCRELEX® Product and \$192 associated with the accretion of interest expense of the deferred consideration due to Ipsen.

d. Income Tax (Benefit) Expense

For the nine months ended September 30, 2023, the net adjustment of \$618 represents the incremental tax expense associated with the Acquired INCRELEX® Product using Ipsen's effective statutory income tax rate of 17.9%. For the nine months ended September 30, 2024, the incremental income tax expense of \$97 reflects the Company's estimated blended statutory tax rate of 2.4%.

c. Earnings Per Share

The unaudited pro forma combined basic and diluted earnings per share calculations are based on the unaudited pro forma combined net income (loss) of the combined business and the weighted average outstanding shares of the Company for the nine months ended September 30, 2024 and 2023