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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2026

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: 001-38738

ETON PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**37-1858472**
(State of incorporation)	**(I.R.S. Employer Identification Number)**

21925 W. Field Parkway, Suite 235
Deer Park, Illinois 60010-7278
(Address of principal executive offices) (Zip code)

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

Securities registered pursuant to Section 12(b) of the Act	**Trading Symbol**	**Name of each exchange on which registered**
Common stock, $0.001 par value per share	ETON	Nasdaq Global Market

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

Indicate by check mark whether the registrant has submitted electronically 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 time 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," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of May 12, 2026, Eton Pharmaceuticals, Inc. had outstanding 27,392,358 shares of common stock, $0.001 par value.

Eton Pharmaceuticals, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Eton Pharmaceuticals, Inc.
Condensed Balance Sheets
(in thousands, except share and per share amounts)

	March 31, 2026 (Unaudited)	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 19,661	$ 25,942
Accounts receivable, net	13,408	11,757
Inventories, net	14,467	15,419
Prepaid expenses and other current assets	5,709	7,463
Total current assets	**53,245**	**60,581**
Property and equipment, net	372	326
Intangible assets, net	43,738	30,878
Operating lease right-of-use assets, net	301	310
Other long-term assets, net	54	19
Total assets	$ **97,710**	$ **92,114**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 13,485	$ 10,976
Short-term debt, net of debt discount	11,808	8,789
Accrued Medicaid rebates	11,140	9,317
Accrued liabilities	7,746	9,408
Total current liabilities	**44,179**	**38,490**
Long-term debt, net of current portion and debt discount	18,939	21,769
Operating lease liabilities, net of current portion	440	460
Other long-term liabilities	3,537	5,241
Total liabilities	**67,095**	**65,960**
Commitments and contingencies (Note 13)		
Stockholders' equity		
Common stock, $0.001 par value; 50,000,000 shares authorized; 27,359,791 and 27,047,061 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	27	27
Additional paid-in capital	141,528	138,621
Accumulated deficit	(110,940)	(112,494)
Total stockholders' equity	**30,615**	**26,154**
Total liabilities and stockholders' equity	$ **97,710**	$ **92,114**

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

Eton Pharmaceuticals, Inc.
Condensed Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	For the three months ended	
	March 31, 2026	**March 31, 2025**
Revenues:		
Licensing revenue	$ —	$ 3,286
Product sales and royalties, net	24,266	13,996
Total net revenues	**24,266**	**17,282**
Cost of sales:		
Licensing revenue	—	825
Product sales and royalties	9,531	6,596
Total cost of sales	**9,531**	**7,421**
Gross profit	**14,735**	**9,861**
Operating expenses:		
Research and development	1,875	1,161
General and administrative	10,446	9,170
Total operating expenses	**12,321**	**10,331**
Income (loss) from operations	**2,414**	**(470)**
Other expense:		
Interest and other expense, net	(840)	(1,028)
Income (loss) before income tax expense	**1,574**	**(1,498)**
Income tax expense	20	74
Net income (loss)	$ **1,554**	$ **(1,572)**
Net income (loss) per share, basic	$ **0.06**	$ **(0.06)**
Weighted average number of common shares outstanding, basic	27,285	26,886
Net income (loss) per share, diluted	$ **0.05**	$ **(0.06)**
Weighted average number of common shares outstanding, diluted	31,547	26,886

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

Eton Pharmaceuticals, Inc.
Condensed Statements of Stockholders' Equity
For the three months ended March 31, 2026 and 2025
(in thousands, except share amounts)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balances at December 31, 2025	**27,047,061**	**$ 27**	**$ 138,621**	**$ (112,494)**	**$ 26,154**
Stock-based compensation	—	—	1,518	—	1,518
Stock option exercises and vesting of restricted stock	312,730	—	1,389	—	1,389
Net income	—	—	—	1,554	1,554
Balances at March 31, 2026	**27,359,791**	**$ 27**	**$ 141,528**	**$ (110,940)**	**$ 30,615**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balances at December 31, 2024	**26,709,084**	**$ 27**	**$ 132,294**	**$ (107,893)**	**$ 24,428**
Stock-based compensation	—	—	1,200	—	1,200
Stock option exercises and vesting of restricted stock	108,451	—	394	—	394
Net loss	—	—	—	(1,572)	(1,572)
Balances at March 31, 2025	**26,817,535**	**$ 27**	**$ 133,888**	**$ (109,465)**	**$ 24,450**

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

Eton Pharmaceuticals, Inc.
Condensed Statements of Cash Flows
(In thousands)
(Unaudited)

	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash flows from (used in) operating activities		
Net income (loss)	$ 1,554	$ (1,572)
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:		
Stock-based compensation	1,518	1,200
Depreciation and amortization	1,131	1,013
Inventory step-up	350	1,142
Excess and obsolete inventory reserve	227	110
Debt discount amortization and non-cash interest expenses	118	294
Non-cash lease expense	9	17
Other operating activity	7	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,651)	(11,039)
Inventories	1,406	358
Prepaid expenses and other assets	1,754	2,973
Accounts payable	2,508	705
Accrued Medicaid rebates	1,824	6,071
Accrued liabilities	(1,532)	(1,373)
Other non-current assets and liabilities	(1,818)	2,191
Net cash from operating activities	**7,405**	**2,090**
Cash flows used in investing activities		
Purchases of product license rights	(15,000)	—
Purchases of property and equipment	(75)	—
Net cash used in investing activities	**(15,075)**	**—**
Cash flows from financing activities		
Proceeds from stock option exercises	1,389	394
Net cash from financing activities	**1,389**	**394**
Change in cash and cash equivalents	**(6,281)**	**2,484**
Cash and cash equivalents at beginning of period	25,942	14,936
Cash and cash equivalents at end of period	$ 19,661	$ 17,420
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 881	$ 642
Cash paid for income taxes	$ 37	$ 8

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

Eton Pharmaceuticals, Inc.
Notes to Condensed Financial Statements
(in thousands, except share and per share amounts)
(Unaudited)

Note 1 — Company Overview

The Company is an innovative pharmaceutical company focused on developing and commercializing treatments for rare diseases. The Company currently has ten commercial rare disease products: INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous and Nitisinone. The Company has four additional product candidates in late-stage development: Amglidia®, ET-700, ET-800 and ZENEO® hydrocortisone autoinjector.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The Company has prepared the accompanying condensed financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"). Certain prior period amount have been reclassified to conform to current year presentation in the condensed financial statements and notes to financial statements.

Unaudited Interim Financial Information

The accompanying interim condensed financial statements are unaudited and have been prepared on the same basis as the audited annual financial statements of the Company and, in the opinion of management, reflect all adjustments necessary for the fair presentation of the Company's financial position as of March 31, 2026, and the results of its operations and its cash flows for the periods ended March 31, 2026 and 2025. The financial data and other information disclosed in these notes related to the three months ended March 31, 2026 and 2025 are also unaudited. The interim financial statements are condensed and generally do not repeat the disclosures in the annual financial statements. As such, the interim financial statements herein should be read in conjunction with the Company's latest annual financial statements filed on Form 10-K on March 19, 2026. The results for the three months ended March 31, 2026, are not necessarily indicative of results to be expected for the year ending December 31, 2026, any other interim periods, or any future year or period.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, Medicaid program rebates, valuation of inventories, useful lives of assets and the recoverability of long-lived assets, valuation of deferred tax assets, and the valuation of common stock, stock options, warrants, and restricted stock units ("RSUs"). Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates or assumptions.

Acquisitions

The Company accounts for business acquisitions using the acquisition method of accounting. Under this method of accounting, assets acquired and liabilities assumed are recorded at their respective fair values at the date of the acquisition. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions. The Company's estimates of fair value are based upon assumptions believed to be reasonable but that are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill.

The Company accounts for acquisitions that do not meet the definition of a business as an asset acquisition. The determination of whether a transaction represents a business combination or an asset acquisition requires significant judgment, including an evaluation of whether the acquired set includes a substantive process and whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. For transactions accounted for as asset acquisition, the Company allocates the purchase price, including transaction costs, to the individual assets acquired and liabilities assumed on a relative fair value basis. This allocation requires management to make significant estimates and assumptions, including the selection of valuation methodologies, discount rates, projected cash flows, and useful lives of acquired assets. Changes in these assumptions could result in materially different allocations of the purchase price, which may impact future amortization expense. In addition, because goodwill is not recognized in asset acquisitions, the assignment of value to identifiable intangible assets may be greater than in a business combination.

The Company amortizes finite-lived intangible assets over their estimated useful lives and evaluates indefinite-lived assets for impairment. The determination of useful lives and the timing of impairment assessments require significant judgment and may materially affect the Company's results of operations. Critical estimates in valuing certain of the intangible assets acquired include:

Eton Pharmaceuticals, Inc.
Notes to Condensed Financial Statements
(in thousands, except share and per share amounts)
(Unaudited)

Note 2 — Summary of Significant Accounting Policies (continued)

- future expected cash flows from customer contracts and license agreements;
- historical and expected customer attrition rates and anticipated growth in revenues from acquired customers; and
- discount rates.

Segment Information

The Company operates the business on the basis of a single reportable segment, which includes ten commercial rare disease products: INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous, and Nitisinone. The Company primarily derives revenues from product sales to a specialty pharmacy customer, AnovoRx, who then provides order fulfillment, inventory storage and distribution services. In September 2025, the Company terminated its agreement with specialty pharmacy, Optime Care, and transitioned order fulfillment, inventory storage and distribution services to AnovoRx. The Company's chief operating decision-maker ("CODM") is the Chief Executive Officer, who evaluates the Company's financial performance and results of operations as a single operating segment. The CODM reviews net income or loss as a measure of segment profit or loss in assessing performance and allocating resources. Segment revenues, expenses and profit or loss is reported on the Condensed Statements of Operations. Additionally, the measure of segment assets is reported on the Company's Condensed Balance Sheets as total assets.

The Company's revenues and its accounts receivable balances are highly concentrated and consist of sales to and amounts due from AnovoRx for the Company's INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, Carglumic Acid, Betaine Anhydrous and Nitisinone products, as well as from Pentec Health for sales of the Company's PKU GOLIKE® product. For the three months ended March 31, 2026 and 2025, AnovoRx product sales represented 88.9% and 90.8% of net revenues, respectively. As of March 31, 2026 and December 31, 2025, AnovoRx product sales represented 80.7% and 88.4% of net accounts receivable. During the three months ended March 31, 2026 and 2025, the Company's revenues from external customers were entirely derived from U.S operations. As of March 31, 2026 and December 31, 2025, all long-lived assets were domiciled within the U.S.

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 U.S. financial institutions or invested in short-term U.S. treasury bills or high-grade money market funds. From time to time, amounts deposited with its bank exceed federally insured limits. The Company believes the associated credit risk to be minimal.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and are non-interest bearing. Accounts receivable are recorded net of allowances for credit losses and cash discounts for prompt payment. The Company considers historical collection rates and the current financial status of its customers, as well as macroeconomic and industry-specific factors when evaluating potential credit losses. The Company's accounts receivable balances are highly concentrated with a select number of customers, consisting primarily of specialty pharmacies. Given the size and creditworthiness of these customers, we have not experienced and do not expect to experience material credit losses.

Inventories

The Company values its inventories at the lower of cost or net realizable value using the first-in, first-out method of valuation. The Company reviews its inventories for potential excess or obsolete issues on an ongoing basis and records a write-down if an impairment is identified. As of March 31, 2026 and December 31, 2025, inventories consisted of purchased finished goods, semi-finished goods and raw materials.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed utilizing the straight-line method based on the following estimated useful lives. Computer hardware and software is depreciated over three years. Equipment, furniture and fixtures is depreciated over five years. Leasehold improvements are amortized over their estimated useful lives or the remaining lease term, whichever is shorter. Construction in progress is capitalized but not depreciated until it is placed into service.

Eton Pharmaceuticals, Inc.
Notes to Condensed Financial Statements
(in thousands, except share and per share amounts)
(Unaudited)

Note 2 — Summary of Significant Accounting Policies (continued)

Intangible Assets

The Company has historically capitalized payments it makes for licensed products when the payment is based on Food and Drug Administration ("FDA") approval or near-term approval for the product and the cost is recoverable based on expected future cash flows from the product. In January 2026, the Company purchased the licensing rights to a product that has not received FDA approval and accordingly, is classified as In-Process Research and Development ("IPR&D") within Intangible assets, net on the Company's Condensed Balance Sheets as of March 31, 2026. In February 2026, the Company entered into a licensing agreement to acquire the U.S. rights to HEMANGEOL® (propranolol) oral solution from Pierre Fabre Medicament Sas ("Pierre Fabre"), in which the Company paid Pierre Fabre $14,000 upfront. The Company accounted for this transaction as an asset acquisition, and after purchase accounting adjustments for inventory step-up costs of $1,131, and including acquisition related expenses of $100, the Company recorded $12,969 for the HEMANGEOL® intangible asset which is being amortized over its useful life of ten years.

Intangible assets are amortized on a straight-line basis over the estimated useful life of the product commencing on the approval date or the product acquisition date in accordance with ASC *350* — Intangibles - Goodwill and Other. The following table presents the Company's intangible assets as of March 31, 2026 and December 31, 2025:

Intangible assets as of March 31, 2026	Useful Life (In years)	Purchase Date	Purchase Price	Accumulated Amortization	Carrying Value
Carglumic Acid	10	November 2021	$ 3,250	$ 1,435	$ 1,815
Betaine	5	September 2022	2,125	1,505	620
Nitisinone	5	October 2023	650	325	325
GoLike	10	March 2024	1,868	374	1,494
Increlex	10	December 2024	21,250	2,732	18,518
Galzin	10	December 2024	8,119	1,015	7,104
IPR&D asset		January 2026	1,000	—	1,000
HEMANGEOL	10	February 2026	12,969	107	12,862
			$ 51,231	$ 7,493	$ 43,738

Intangible assets as of December 31, 2025	Useful Life (In years)	Purchase Date	Purchase Price	Accumulated Amortization	Carrying Value
Carglumic Acid	10	November 2021	$ 3,250	$ 1,354	$ 1,896
Betaine	5	September 2022	2,125	1,399	726
Nitisinone	5	October 2023	650	292	358
GoLike	10	March 2024	1,868	327	1,541
Increlex	10	December 2024	21,250	2,200	19,050
Galzin	10	December 2024	8,119	812	7,307
			$ 37,262	$ 6,384	$ 30,878

The Company recorded $1,109 and $1,001 of amortization expense for the three months ended March 31, 2026 and March 31, 2025, respectively. The table below shows the estimated remaining amortization for these products for each of the five years from 2026 to 2030 and thereafter.

Year	Amortization Expense
Remainder of 2026	$ 3,976
2027	5,377
2028	5,043
2029	4,946
2030	4,946
Thereafter	19,450
Total estimated amortization expense	$ 43,738

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the Company's Condensed Statements of Operations for the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment was recognized during the three-month periods ended March 31, 2026 or 2025.

Deferred Financing Costs, Debt Discount and Detachable Debt-Related Warrants

Costs incurred to issue debt are deferred and recorded as a reduction to the debt balance in the accompanying Condensed Balance Sheets. The Company amortizes these costs over the expected term of the related debt under the effective interest method. Debt discounts related to the relative fair value of warrants issued in conjunction with debt are also recorded as a reduction to the debt balance and accreted over the expected term into interest expense using the effective interest method.

Eton Pharmaceuticals, Inc.
Notes to Condensed Financial Statements
(in thousands, except share and per share amounts)
(Unaudited)

Note 2 — Summary of Significant Accounting Policies (continued)

Leases

The Company accounts for leases in accordance with ASC Topic 842 — Leases. The Company reviews all relevant facts and circumstances of a contract to determine if it is a lease whereby the terms of the agreement convey the right to control the direct use and receive substantially all the economic benefits of an identified asset for a period of time in exchange for consideration. The associated right-of-use assets and lease liabilities are recognized at lease commencement. The Company measures lease liabilities based on the present value of the lease payments over the lease term discounted using the rate it would pay on a loan with the equivalent payments and term for the lease. The Company does not include the impact for lease term options that would extend or terminate the lease unless it is reasonably certain that it will exercise any such options. The Company accounts for the lease components separately from non-lease components for its operating leases.

The Company measures right-of-use assets based on the corresponding lease liabilities adjusted for (i) any prepayments made to the lessor at or before the commencement date, (ii) initial direct costs it incurs, and (iii) any incentives under the lease. In addition, the Company evaluates the recoverability of its right-of-use assets for possible impairment in accordance with its long-lived assets policy.

Operating leases are reflected on the Condensed Balance Sheets as operating lease right-of-use assets, current accrued liabilities and long-term operating lease liabilities. The Company does not have any finance leases as of March 31, 2026 and December 31, 2025.

The Company commences recognizing operating lease expense when the lessor makes the underlying asset available for use by the Company and the operating lease expense is recognized on a straight-line basis over the term of the lease. Variable lease payments are expensed as incurred.

The Company does not recognize right-of-use assets or lease liabilities for leases with a term of twelve months or less; such lease costs are recorded in the Condensed Statements of Operations on a straight-line basis over the lease term.

Patent Costs

All patent-related costs incurred in connection with filing and prosecuting patent applications are expensed as incurred due to the uncertainty about the successful award of a patent and the recovery of the expenditure. Amounts incurred are classified as general and administrative expenses.

Concentrations of Credit Risk, Sources of Supply and Significant Customers

The Company is subject to credit risk for its cash and cash equivalents, which are invested in money market funds and U.S. treasury bills from time to time. The Company maintains its cash and cash equivalent balances with one major commercial bank and the deposits held with the financial institution exceed the amount of insurance provided on such deposits and are exposed to credit risk in the event of a default by the financial institution holding its cash and cash equivalents to the extent recorded on the Condensed Balance Sheets. The Company believes the associated credit risk to be minimal.

The Company is dependent on third-party suppliers for its products and product candidates. In particular, the Company relies, and expects to continue to rely, on a small number of suppliers to manufacture key chemicals, approved products and process its product candidates as part of its development programs. These programs could be adversely affected by a significant interruption in the manufacturing process.

The Company is also subject to credit risk from its accounts receivable related to product sales as it extends credit based on an evaluation of the customer’s financial condition, and collateral is not required. The Company's accounts receivables are evaluated to determine if any allowance should be recorded based on consideration of the current economic environment, expectations of future economic conditions, specific circumstances and the Company's historical collection experience. Additionally, management monitors its exposure to accounts receivable by periodically evaluating the collectability of the account receivable based on a variety of factors including the length of time the receivables are past due, the financial health of the customer and any prior customer credit loss experience. Based upon the review of these factors, the Company recorded no allowance for credit losses at March 31, 2026 or December 31, 2025.

Revenue Recognition for Contracts with Customers

The Company accounts for contracts with its customers in accordance with ASC 606 — Revenue from Contracts with Customers. ASC 606 applies to all contracts with customers, except for contracts that are within the scope of other standards. Under ASC 606, an entity recognizes revenue when its 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 entity 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.

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 determine 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. Arrangements that include rights to additional goods or services that are exercisable at a customer’s discretion are generally considered options. The Company assesses whether these options provide a material right to the customer and, if so, they are considered performance obligations. The exercise of a material right is accounted for as a contract modification for accounting purposes.

Eton Pharmaceuticals, Inc.
Notes to Condensed Financial Statements
(in thousands, except share and per share amounts)
(Unaudited)

Note 2 — Summary of Significant Accounting Policies (continued)

The Company recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) each performance obligation is satisfied at a point in time. For the three months ended March 31, 2026 and 2025, all revenues recognized in the Condensed Statements of Operations were point in time sales to the Company's customers.

Milestone Payments – If a commercial contract arrangement includes development and regulatory milestone payments, the Company will evaluate whether the milestone conditions have been achieved and if it is probable that a significant revenue reversal would not occur before recognizing the associated revenue. Milestone payments that are not within the Company's control or the licensee's control, such as regulatory approvals, are generally not considered probable of being achieved until those approvals are received.

Royalties – For arrangements that include sales-based royalties, including milestone payments based on a level of sales, which are the result of a customer-vendor relationship and for which the license is deemed to be the predominant item to which the royalties relate, the Company will recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied or partially satisfied.

The Company sells its INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous, and Nitisinone products to pharmacy distributor customers which provide order fulfilment and inventory storage/distribution services. The Company uses a third-party logistics ("3PL") vendor to process and fulfill orders and has concluded it is the principal in the sales to wholesalers because it controls access to the 3PL vendor services rendered and directs the 3PL vendor activities.

For the Company's INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous, and Nitisinone products, the Company bills at the initial product list price which are subject to offsets for patient co-pay assistance and potential state Medicaid reimbursements which are recorded as a reduction of net revenues at the date of sale/shipment. INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous, and Nitisinone product sales are not subject to returns. Upon recognition of revenue from product sales, the estimated amounts of chargebacks, prompt pay discounts and state Medicaid are in sales reserves, accrued liabilities and net accounts receivable.

The Company estimates the transaction price when it receives each purchase order taking into account the expected reductions of the selling price initially billed to the wholesaler/distributor arising from all of the above factors. The Company has developed estimates for future returns and chargebacks and the impact of other discounts and fees it pays, although INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous, and Nitisinone sales are not subject to returns.

The Company stores its INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous and Nitisinone products inventory at its pharmacy distributor customer locations, and sales are recorded when stock is pulled and shipped to fulfill specific patient orders.

The state Medicaid rebate and related liability are estimated based on monthly sales, historical experience of claims submitted by the various states and jurisdictions, historical rebate rates and estimated lag time of the rebate invoices.

Cost of Sales

Cost of product sales consists of the profit-sharing and royalty fees with the Company's product licensing and development partners, the purchase costs for finished products from third-party manufacturers, freight and handling/storage from the Company's 3PL logistics service providers and inventory step-up expense, and amortization expense of certain intangible assets. The costs of sales for profit-sharing, royalty fees, purchased finished products, and the associated inbound freight expense are recorded when the associated product sale revenue is recognized in accordance with the terms of shipment to customers while outbound freight and handling/storage fees charged by the 3PL service provider are expensed as they are incurred. Intangible assets are amortized on a straight-line basis over the estimated useful life of the product. Cost of product sales also reflects any write-downs or reserve adjustments for the Company's inventories.

Licensing cost of sales may consist of supply agreements and profit-sharing agreements associated with the Company's sale of its product licenses to customers. The costs of sales for profit-sharing agreements are recognized upon the achievement of certain development and commercial milestones.

Research and Development Expenses

Research and development ("R&D") expenses include both internal R&D activities and external contracted services. Internal R&D activity expenses include salaries, benefits and stock-based compensation and other costs to support the Company's R&D operations. External contracted services include product development efforts such as certain product licensor milestone payments, clinical trial activities, manufacturing and control-related activities and regulatory costs. R&D expenses are charged to operations as incurred. The Company reviews and accrues R&D expenses based on services performed and may, from time to time, make estimates of those costs applicable as to the stage of completion of each project. Actual results could differ from the Company's estimates. Nonrefundable advance payments for goods or services to be received in the future for use in R&D activities are recorded as prepaid expenses and are expensed as the related goods are delivered or the services are performed.

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Notes to Condensed Financial Statements
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Note 2 — Summary of Significant Accounting Policies (continued)

Income (Loss) Per Share

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders for the period by the weighted average number of common and common equivalent shares, such as unvested restricted stock, stock options and warrants that are outstanding during the period. Common stock equivalents are excluded from the computation when their inclusion would be anti-dilutive. No such adjustments were made for the three months ended March 31, 2025 as including the effects of common stock equivalents in the diluted earnings per share calculation would have been anti-dilutive. See Note 9 for further information.

Income Taxes

The Company accounts for income taxes under the provisions of ASC 740 - Income Taxes. As part of the process of preparing the Company's financial statements, the Company must estimate the actual current tax liabilities and assess temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the Condensed Balance Sheets. The Company must assess the likelihood that the deferred tax assets will be recovered from future taxable income and, to the extent the Company believes that recovery is not likely, a valuation allowance must be established. To the extent the Company establishes a valuation allowance or increase or decrease to this allowance in a period, the impact will be included in income tax expense in the Condensed Statements of Operations. As of March 31, 2026 and December 31, 2025, the Company has established a 100% valuation reserve against its deferred tax assets. See Note 10 for further information.

Stock-Based Compensation

The Company accounts for stock-based compensation under the provisions of ASC 718 Compensation – Stock Compensation. The guidance under ASC 718 requires companies to estimate the fair value of the stock-based compensation awards on the date of grant and record expense over the related service periods, which are generally the vesting period of the equity awards. Compensation expense is recognized over the period during which services are rendered by consultants and non-employees until completed.

The Company estimates the fair value of stock-based option awards using the Black-Scholes option-pricing model ("BSM"). The BSM requires 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 was determined from the implied yields for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options or warrants. Dividends on common stock are assumed to be zero for the BSM valuation of the stock options. The expected term of stock options granted is based on vesting periods and the contractual life of the options. Expected volatilities are based on the Company's historical volatility subsequent to our initial public offering ("IPO"), which we believe represents the most accurate basis for estimating expected future volatility under the current conditions. The Company accounts for forfeitures as they occur.

Fair Value Measurements

We measure certain of our assets and liabilities at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 — Inputs based on quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 — Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

Fair value measurements are classified based on the lowest level of input that is significant to the measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, which may affect the valuation of the assets and liabilities and their placement within the fair value hierarchy levels. The determination of the fair values stated below take into account the market for the Company's financials, assets and liabilities, the associated credit risk and other factors as required. The Company considers active markets as those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and debt obligation. The carrying amounts of these financial instruments approximate their fair values due to the short-term maturities of these instruments. Based on borrowing rates currently available to the Company, the carrying value of the debt obligation approximates its fair value.

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Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures* (Subtopic 220-40). Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The standard provides guidance to expand disclosures related to the disaggregation of income statement expenses. The standard requires, in the notes to the financial statements, disclosure of specified information about certain costs and expenses, which includes purchases of inventory, employee compensation, depreciation and intangible asset amortization included in each relevant expense caption. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, on a retrospective or prospective basis, with early adoption permitted. The Company is currently evaluating the effect of this new guidance on its condensed financial statements.

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements,* which makes narrow-scope amendments to various topics within the Accounting Standards Codification to clarify and improve existing guidance. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within annual reporting periods beginning after January 1, 2027, on a retrospective or prospective basis, with early adoption permitted. The Company is currently evaluating the effect of this new guidance on its condensed financial statements.

Note 3 — Long-Term Debt

SWK Loan

In November 2019, the Company entered into a credit agreement (the "SWK Credit Agreement") with SWK Funding LLC ("SWK"), which provided for up to $10,000 in debt financing. As a result of subsequent amendments to the SWK Credit Agreement, the Company expanded its credit facility to $30,000, extended the facility's maturity to three years from closing with a loan maturity date of December 17, 2027, and reduced the facility's annual interest rate to Secured Overnight Financing Rate ("SOFR") plus 6.75%.

Interest payments are payable quarterly, with quarterly principal payments of $3,000 beginning in May 2026 with a final principal payment of $9,000 due at maturity in December 2027. The SWK Credit Agreement includes a 5.0% exit fee payable at maturity and this exit fee payable will be accreted to interest expense in the Company's Statement of Operations using the effective interest expense method. The SWK Credit Agreement contains a mandatory prepayment clause that can compel the Company to partially prepay the loan upon certain triggering events, which the Company has deemed to be remote. Borrowing under the SWK Credit Agreement is secured by the Company's assets, contains customary default provisions, which include limits on additional indebtedness. As of March 31, 2026 and December 31, 2025, the Company was in compliance with all financial covenants.

During the three months ended March 31, 2026 and 2025, the Company recorded interest expense of $1,136 and $1,163, respectively, which included $118 and $294, respectively, of debt discount amortization and non-cash interest expense. The Company had accrued interest of $431 and $425 as of March 31, 2026 and December 31, 2025, respectively, which is included in accrued liabilities in the accompanying Condensed Balance Sheets.

The table below reflects the future payments for the SWK loan principal as of March 31, 2026.

	Amount
2026	$ 9,000
2027	21,000
Total payments	30,000
Less: unamortized discount	(273)
Plus: accrued exit fees at March 31, 2026	1,020
Debt, net	$ 30,747

Note 4 — Property and Equipment

Property and equipment consist of the following:

	March 31, 2026	December 31, 2025
Computer hardware and software	$ 200	$ 200
Furniture and fixtures	262	265
Equipment	87	52
Leasehold improvements	331	295
Property and equipment, gross	880	812
Less: accumulated depreciation and amortization	(508)	(486)
Property and equipment, net	$ 372	$ 326

Depreciation expense for the three months ended March 31, 2026 and 2025 was $22 and $12, respectively.

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Note 5 — Inventory

As of March 31, 2026 and December 31, 2025, inventory consisted of the following

	March 31, 2026	December 31, 2025
Raw materials	$ 542	$ 557
Semi-finished goods	7,444	9,431
Finished goods	7,129	6,630
Less: excess and obsolete inventory reserve	(649)	(1,199)
Inventory, net	$ 14,467	$ 15,419

Inventory reserves were $649 and $1,199 at March 31, 2026 and December 31, 2025, respectively.

Note 6 — Common Stock

The Company has 50,000,000 authorized shares of $0.001 par value common stock under its Amended and Restated Certificate of Incorporation.

During the three months ended March 31, 2026, the Company issued 312,730 shares of its common stock resulting from stock option exercises and vesting of restricted stock units under its 2018 Equity Incentive Plan as amended in December 2020 (the "2018 Plan"). During the three months ended March 31, 2025 the Company issued 108,451 shares of its common stock resulting from stock option exercises under its 2018 Plan.

Note 7 — Common Stock Warrants

The Company's outstanding warrants to purchase shares of its common stock at March 31, 2026 are summarized in the table below.

Description of Warrants	Warrant Issuance Date	No. of Shares	Exercise Price
SWK Warrants – Debt – Tranche #1	11/13/2019	51,239	$ 5.86
SWK Warrants – Debt – Tranche #2	8/11/2020	18,141	$ 6.62
SWK Warrants – Debt – Tranche #3	9/30/2024	289,736	$ 5.32
Total shares and weighted average exercise price		**359,116**	$ **5.46**

The holders of these warrants or their permitted transferees, are entitled to rights with respect to the registration under the Securities Act of 1933, as amended (the "Securities Act")of their shares that are converted to common stock, including demand registration rights and piggyback registration rights. These rights are provided under the terms of a registration rights agreement between the Company and the investors. The issuance of these warrants was accounted for as equity and the fair value of the warrants issued were classified to additional paid-in capital in the Company's Condensed Balance Sheets.

Note 8 — Share-Based Payment Awards

In November 2018, the Company's stockholders and board of directors approved the 2018 Plan which succeeded the 2017 Plan. The 2018 Plan was amended by the board of directors in December 2020. The Company has granted RSAs, stock options and RSUs for its common stock under the 2017 Plan and 2018 Plan as detailed in the tables below. There were 1,301,548 shares available for future issuance under the 2018 Plan as of March 31, 2026.

All stock options issued have been non-qualified stock options and the exercise price was the closing stock price of the Company's common stock on the date of grant. Non-qualified stock options typically have a ten-year life and non-qualified stock options that are expired, terminated, surrendered or canceled without having been fully exercised will be available for future awards under the 2018 Plan. In addition, the 2018 Plan provides that commencing January 1, 2019 and through January 1, 2028, the share reserve will be increased by 4% of the total number of shares outstanding as of the preceding December 31, subject to a reduction at the discretion of the Company's board of directors. On January 1, 2025, the share reserve was increased by 1,068,323 shares based on the 26,709,084 shares of common stock outstanding at December 31, 2024. On January 1, 2026, the share reserve was increased by 1,081,882 shares based on the 27,047,061 shares of common stock outstanding at December 31, 2025.The exercise price for stock options granted is not less than the fair value of common stock as of the date of grant. The Company uses the closing stock price on the date of grant as the exercise price.

For the three months ended March 31, 2026 and 2025, the Company's total stock-based compensation expense was $1,518 and $1,200, respectively. Of these amounts, $1,469 and $1,161 were recorded in general and administrative ("G&A") expenses during the three months ended March 31, 2026 and 2025, respectively, and $49 and $39 were recorded in research and development expenses for the three months ended March 31, 2026 and 2025, respectively.

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Note 8 — Share-Based Payment Awards (continued)

Stock Options

The following table summarizes stock option activity during the three months ended March 31, 2026:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Yrs)	Aggregate Intrinsic Value
Outstanding as of December 31, 2025	5,911,521	$ 5.35		
Issued	504,674	$ 16.01		
Exercised	(272,597)	$ 5.13		
Forfeited/Cancelled	—	$ —		
Outstanding as of March 31, 2026	6,143,598	$ 6.24	6.2	$ 113,292
Options exercisable as of March 31, 2026	4,613,017	$ 5.04	5.4	$ 90,577
Options vested and expected to vest at March 31, 2026	6,143,597	$ 6.24	6.2	$ 113,292

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock at March 31, 2026 for those stock options that had strike prices lower than the fair value of the Company's common stock.

Stock based compensation related to stock options was $888 and $929 for the three-month periods ended March 31, 2026 and 2025, respectively. As of March 31, 2026, there was a total of $9,166 of unrecognized compensation costs related to non-vested stock option awards, which will be recognized over a weighted average period of approximately 3.0 years.

During the three months ended March 31, 2026, the Company issued 272,597 shares of its common stock resulting from stock option exercises at a weighted average exercise price of $5.13 per share with an intrinsic value of $3,473. During the three months ended March 31, 2025, the Company issued 108,451 shares of its stock resulting from stock option exercises at a weighted average exercise price of $3.63 per share with an intrinsic value of $1,167.

Restricted Stock Units (RSUs)

The following table summarizes restricted stock unit activity during the three months ended March 31, 2026:

	Number of Units	Weighted Average Grant-Date Fair Value Per Unit
Outstanding and unvested as of December 31, 2025	278,501	$ 9.57
Granted	293,625	$ 15.47
Vested	(40,217)	$ 13.00
Forfeited	—	$ —
Outstanding and unvested as of March 31, 2026	531,909	$ 12.57

Stock-based compensation related to RSUs was $521 and $190 for the three-month periods ended March 31, 2026 and 2025, respectively. As of March 31, 2026, there was $6,054 of unrecognized stock-based compensation expense related to unvested RSUs, which will be recognized over a weighted average period of approximately 3.0 years.

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Note 8 — Share-Based Payment Awards (continued)

Employee Stock Purchase Plan

The Company's 2018 Employee Stock Purchase Plan ("ESPP") provides for an initial reserve of 150,000 shares, and this reserve is automatically increased on January 1 of each year by the lesser of 1% of the outstanding shares of common stock at December 31 of the preceding year or 150,000 shares of the Company's common stock, subject to reduction at the discretion of the Company's board of directors. As of March 31, 2026, there were 975,687 shares available for issuance under the ESPP.

The annual offerings consist of two stock purchase periods, with the first purchase period ending in June and the second ending in December. The terms of the ESPP permit employees of the Company to use payroll deductions to purchase stock at a price per share that is at least the lesser of (1) 85% of the fair market value of a share of common stock on the first date of an offering or (2) 85% of the fair market value of a share of common stock on the date of purchase. After the offering period ends, subsequent twelve-month offering periods automatically commence over the term of the ESPP on the day that immediately follows the conclusion of the preceding offering, each consisting of two purchase periods approximately six months in duration. The terms of the ESPP provide a restart feature if the Company's stock price is lower at the end of a six-month period within the twelve-month offering period than it was at the beginning of the twelve-month offering period.

The Company recorded an expense of $109 and $81 related to the ESPP during the three-month periods ended March 31, 2026 and 2025, respectively. As of March 31, 2026 and December 31, 2025, the accompanying Condensed Balance Sheets include $258 and $45, respectively, in accrued liabilities for employee ESPP contributions.

Note 9 — Basic and Diluted Net Loss per Common Share

For the three months ended March 31, 2026 and 2025, basic and diluted net income (loss) per share is computed using the weighted average number of shares of common stock outstanding during the period and includes common stock equivalents (using the treasury stock and "if converted" method) from stock options, RSUs, ESPP and warrants. For the three months ended March 31, 2025, 4,130,700, in common stock equivalents are excluded from the calculation of diluted net loss per share because the effect was anti-dilutive. During the three months ended March 31, 2026 and 2025, included in the basic and diluted net loss per share calculation were RSUs awarded to directors that had vested, but the issuance and delivery of the shares are deferred until the director retires from service as a director.

The following table shows the computation of basic and diluted net loss per common share:

	Three Months Ended	
	March 31, 2026	**March 31, 2025**
Net income (loss)	$ 1,554	$ (1,572)
Weighted average common shares outstanding, basic	27,285,236	26,886,000
Net income (loss) per share, basic	**$ 0.06**	**$ (0.06)**
Weighted average common shares outstanding, diluted	31,547,220	26,886,000
Net income (loss) per share, diluted	**$ 0.05**	**$ (0.06)**

Note 10 — Income Taxes

The following table summarizes the Company's income tax expense and effective tax rates for the three months ended March 31, 2026 and 2025:

	Three Months Ended	
	March 31, 2026	**March 31, 2025**
Income (loss) before income taxes	$ 1,574	$ (1,498)
Income tax expense	20	74
Effective tax rate	1.3%	(4.9%)

The Company's quarterly income tax provision is calculated under the discrete method, which treats the interim period as if it were the annual period and determines the income tax expense or benefit on that basis. The discrete method is applied when application of the estimated annual effective income tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The Company believes, at this time, the use of this discrete method is more appropriate as the annual effective income tax rate cannot be reliably estimated given the Company's full valuation allowance recorded on its net deferred tax assets and annual utilization limitations that prevent the Company from fully offsetting its expected current income tax liabilities with its available net operating losses and income tax credits.

The Company's quarterly income tax provision calculated under the discrete method for the period ended March 31, 2026 captures the income tax effects of the One Big Beautiful Bill Act ("OBBBA"), which was enacted on July 4, 2025. The Company's current income tax expense for the period ended March 31, 2026 includes the benefit of the OBBBA restoring the ability to immediately deduct domestic research and experimental expenditures under Internal Revenue Code Section 174. The Company did not record any deferred income tax expense or benefit related to the OBBBA tax law changes during the period ended March 31, 2026 as the Company continues to record a full valuation allowance against its net deferred tax assets.

The effective tax rate for the three months ended March 31, 2026 varies from the three months ended March 31, 2025 primarily as a result of the Company's valuation allowance recorded against it net deferred tax assets and annual tax attribute limitations that result in current income tax expense. Taxes paid during the three months ended March 31, 2026 and 2025 were $37 and $8, respectively. Tax refunds received during the three months ended March 31, 2026 and 2025 were $109 and $0, respectively.

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Note 11 — Related-Party Transactions

Chief Executive Officer

Previously, the Company acquired *DS-200* and all related intellectual property pursuant to an asset purchase agreement (the "Selenix Agreement") dated June 23, 2017 between the Company and Selenix LLC ("Selenix"), an entity affiliated with the CEO. On August 30, 2024, the Company amended the Selenix Agreement in tandem with an agreement to sell DS-200 in August 2024 *(*see Note 13). Pursuant to the terms of the amended Selenix Agreement, Selenix waived its rights to future milestone payments and 50% of DS-200 profit in exchange for 45% of proceeds received by the Company from the DS-200 sale agreement. Selenix is 50% owned by Messa Holdings LLC ("Messa"), which is 100% owned by the CEO. In March 2025, the Company recognized licensing revenue of $1,500 and $675 in cost of sales from a development milestone.

Note 12 — Leases

The Company recognizes a right-of-use ("ROU") asset and a lease liability on the balance sheets for substantially all leases, including operating leases, and separates lease components from non-lease components related to its office space lease.

In May 2025, the Company entered into an amendment to its office lease agreement to expand its office space, from 5,507 square feet, to 8,079 square feet and to renew its lease term. The amendment to the lease agreement was effective September 1, 2025 and the renewal period for the office lease is for a sixty-five month period through January 2031 and which includes tenant improvement allowances. The Company removed its existing ROU asset and liability and recorded $333 in ROU assets, $189 in tenant improvement allowances and $522 in operating lease liabilities in association with the lease extension.

The Company's operating lease cost as presented as G&A in the Statements of Operations was $24 and $22 for the three months ended March 31, 2026 and 2025, respectively. For the three months ended March 31, 2026 and 2025, cash paid for amounts included in the measurement of operating lease liabilities was $25 and $23, respectively. The ROU asset non-cash lease expense was $9 and $17 for the three months ended March 31, 2026 and 2025, respectively, and is reflected within non-cash lease expense on the Company's Condensed Statements of Cash Flows. As of March 31, 2026 and December 31, 2025, the average remaining lease term was 4.9 and 5.2 years, respectively, and as of March 31, 2026 and December 31, 2025, the average discount rate was 11.8% for each period.

The table below presents the lease-related assets and liabilities recorded on the balance sheets as of March 31, 2026 and December 31, 2025*:*

Assets	**Classification**	**March 31, 2026**	**December 31, 2025**
Operating lease right-of-use assets	Operating lease right-of-use assets, net	$ 301	$ 310
Total leased assets		$ 301	$ 310
Liabilities			
Operating lease liabilities, current	Accrued liabilities	$ 75	$ 65
Operating lease liabilities, noncurrent	Operating lease liabilities, net of current portion	440	460
Total operating lease liabilities		$ 515	$ 525

The Company's future lease commitments as of March 31, 2026, are as indicated below:

	Total	**2026 (Remainder)**	**2027**	**2028**	**2029**	**2030**	**2031 and thereafter**
Undiscounted lease payments	$ **684**	$ **98**	$ **134**	$ **138**	$ **142**	$ **146**	$ **25**
Less: Imputed interest	**(170)**						
Total lease liabilities	$ **515**						

Note 13 — Commitments and Contingencies

Legal

The Company is subject to legal proceedings and claims that may arise in the ordinary course of business. The Company is not aware of any pending or threatened litigation matters at this time that would have a material impact on the operations of the Company.

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License and product development agreements

The Company has entered into various agreements that include commitments and contingencies which are described below.

In March 2020, the Company entered into an Exclusive License and Supply Agreement (the "Alkindi License Agreement") with Diurnal for marketing ALKINDI SPRINKLE® in the United States. In December 2024, the Company and Diurnal entered into an amendment to the Alkindi License Agreement to extend the agreement terms to incorporate both ALKINDI SPRINKLE® and KHINDIVI™ in the existing agreement terms. The Company could pay up to $44,000 in future sales milestones. The Company pays tiered royalties of 11.0% to 17.0% on net sales.

In June 2021, the Company acquired U.S. and Canadian rights to Crossject's ZENEO® hydrocortisone needleless autoinjector, which is under development as a rescue treatment for adrenal crisis. The Company could pay up to $3,500 in future development milestones and up to $6,000 in commercial milestones, as well as a 10% royalty on net sales.

In September 2022, the Company entered into a licensing agreement with Lukare Medical LLC ("Lukare") to which the Company acquired the U.S. rights to Betaine Anhydrous (betaine anhydrous oral solution). Under the terms of the agreement, Lukare is entitled to a $250 commercial milestone payment upon Betaine Anhydrous achievement of a certain net sales and a $500 payment if no generic competitors have launched within 48 months after the effective date of the license agreement.

In March 2023, the Company acquired rare disease endocrinology product candidate, ET- 600, from Tulex. In February 2026, the FDA approved the NDA for ET-600 ("DESMODA™") and the Company launched DESMODA™ in March 2026 and was obligated to make a milestone payment of $250 (paid in April 2026). The Company pays tiered royalties to Tulex of 12.5% to 17.0% on net sales of DESMODA™.

In March 2024, the Company entered into a licensing agreement with APR Applied Pharma Research SA ("APR") pursuant to which the Company agreed to acquire the U.S. rights to various products under the PKU GOLIKE brand. The Company could pay up to $2,000 in one-time sales milestones, and the Company pays a royalty of 30% of net sales less product costs to APR.

In August 2024, the Company entered into an agreement to sell its DS-200 product candidate. In March 2025, the Company recognized licensing revenue of $1,500 from a development milestone payment. In addition, the Company could receive additional milestone payments of up to $5,000 based on the achievement of certain future development and commercial milestones related to DS-200, of which the Company would recognize 45% of the proceeds from the future milestones, with the balance being distributed to other partners.

In November 2024, the Company entered into a licensing agreement with AMMTeK pursuant to which the Company agreed to acquire the U.S. rights to Amglidia (glyburide oral suspension). Amglidia was approved by the European Medicines Agency in 2018 and has been granted Orphan Drug Designation by the U.S. FDA. AMMTeK has conducted a post-approval study tracking five years of real-world safety and efficacy in European patients, which will be used to support the Company's s NDA submission. In July 2025, the Company paid $500 to AMMTek upon the receipt of FDA meeting minutes and under the terms of the licensing agreement, the Company could pay up to $1,850 as follows: $550 upon NDA acceptance for review by the FDA and $1,300 upon NDA approval by the FDA and first commercial sale. The Company would also be required to pay a royalty of 14% of net sales to AMMTek.

In December 2024, the Company acquired GALZIN® (zinc acetate) from Teva Pharmaceuticals USA, Inc and assumed the commercialization of the product in the U.S. during March of 2025. The Company is required to pay the seller a royalty of 10% of U.S. net sales through the tenth anniversary of the Company's first commercial sales of the product in the U.S.

In December 2024, the Company acquired INCRELEX® (mecasermin injection) from Ipsen S.A. The Company is obligated to pay the seller $2,500 on each of the first and second anniversaries of closing, of which $2,500 was paid to Ipsen S.A. in December 2025. As of March 31, 2026 and December 31, 2025, the present value of the deferred consideration of $2,318 and $2,259, respectively, was classified as accrued liabilities in the Condensed Balance Sheets, with $182 and $241 as of March 31, 2026 and December 31, 2025, respectively, to be accreted to interest expense over the remainder of the deferred consideration term using the effective interest rate method.

In connection with the INCRELEX® product acquisition, the Company assumed the commercial manufacturing and supply agreement between Simtra BioPharma Solutions and Ipsen Pharma SAS. The commercial manufacturing and supply agreement was executed in November 2020 and expires in November 2027. The commercial manufacturing and supply agreement is associated with the production of INCRELEX® for commercial usage and contains an annual production obligation and a maximum annual obligation.

Additionally, in connection with the INCRELEX® product acquisition, the Company assumed a manufacturing services agreement between Lonza Ltd and Ipsen Pharma SAS, as amended. The manufacturing services agreement was executed in December 2022 and expires in December 2032. The manufacturing services agreement is associated with the production of INCRELEX® bulk drug substance and contains a minimum and a maximum obligation every twenty-four months.

Eton Pharmaceuticals, Inc.
Notes to Condensed Financial Statements
(in thousands, except share and per share amounts)
(Unaudited)

In March 2025, the Company out-licensed the commercial rights to INCRELEX® in territories outside of the U.S. to Esteve Pharmaceuticals, S.A. ("Esteve"). Under the terms of the licensing agreement, Esteve paid the Company in July 2025 €4,000 to license the rights to INCRELEX® for up to ten years, and Esteve also received an option to acquire the international rights in the future for a purchase price of up to €6,000. In accordance with the accounting pronouncement guidance in ASC 606 with respect to the license and supply agreements between the Company and Esteve, the Company recognized in March 2025, $4,327 in accounts receivable, licensing revenues of $1,786 and deferred revenues of $2,541. With respect to deferred revenues, $266 and $457, respectively, are reflected in accrued liabilities and $1,817 and $1,762, respectively, in other long-term liabilities in the Company's Condensed Balance Sheets as of March 31, 2026 and December 31, 2025. Deferred revenues will be amortized to revenues over the course of the agreements based on quarterly INCRELEX® product sales, and at the end of the license agreement, a deferred revenue residual will be recognized at the end of the initial term of the license agreement. During the three months ended March 31, 2026, the Company recognized $158 in deferred revenues associated with the supply agreement.

In June 2025, in connection with the asset purchase agreement with Ipsen S.A, the Company purchased $11,540 in inventory. Under the terms of the inventory purchase agreement, the Company is required to make eight equal quarterly installment payments to Ipsen S.A, beginning in the third quarter of 2025. Accordingly, the Company has classified $6,817 and $6,926, respectively, in accounts payable and $1,704 and $3,463, respectively, in other long-term liabilities in the accompanying Condensed Balance Sheets as of March 31, 2026 and December 31, 2025.

In February 2026, the Company entered into a licensing agreement to acquire the U.S. rights to HEMANGEOL® (propranolol) oral solution from Pierre Fabre. Under the terms of the licensing agreement, the Company will pay an 8% royalty on net sales for the duration of the product's patent protected life (October 2028). The Company accounted for this transaction as an asset acquisition.

Indemnification

As permitted under Delaware law and in accordance with the Company's Amended and Restated Bylaws, the Company is required to indemnify its officers and directors for certain events or occurrences while the officer or director is or was serving in such capacity. The Company is also party to indemnification agreements with its directors and officers. The Company believes the fair value of the indemnification rights and agreements is minimal. Accordingly, the Company has not recorded any liabilities for these indemnification rights and agreements as of March 31, 2026 and December 31, 2025.

Note 14 — Subsequent Events

On April 9, 2026, the Company entered into a sixth amendment to its credit agreement with SWK. Under the amended terms of the SWK credit agreement, the interest rate was reduced from SOFR plus 6.75% to SOFR plus 6.55% with the SOFR floor reduced to 2.75% from the previous 5.0%. Further, the interest only period was extended to November 2026. There were no fees paid to SWK associated with the credit amendment and the amended credit agreement maturity date remained in December 2027.

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with (i) our unaudited interim condensed financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and (ii) our audited financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations Included in our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the Securities and Exchange Commission (the "SEC") on March 19, 2026 (the "2025 10-K").

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect," "anticipate," "intend," "believe," "may," "plan," "seek" or similar language. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our business and financial performance are subject to substantial risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider other matters set forth in our SEC filings, including the Risk Factors set forth in Part I, Item 1A of our 2025 10-K.

Overview

Eton is an innovative pharmaceutical company focused on developing and commercializing treatments for rare diseases. We currently have ten commercial rare disease products: INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous and Nitisinone. We have four additional product candidates in late-stage development: Amglidia®, ET-700, ET-800 and ZENEO® hydrocortisone autoinjector.

Results of Operations (dollars in thousands)

During the three months ended March 31, 2026, we had $24,266 in total revenues that generated a gross profit of $14,735 compared to total revenues of $17,282 during the three-month period ended March 31, 2025 that generated a gross profit of $9,861 for the period. The increase in product sales and royalties, net was primarily the result of increased sales of INCRELEX®, GALZIN®, ALKINDI SPRINKLE®, and Carglumic Acid, and the addition of KHINDIVI™ sales in the current period.

Licensing revenue during the three months ended March 31, 2026 was zero compared to $3,286 in licensing revenue during the three months ended March 31, 2025. Licensing revenue during the three months ended March 31, 2025 was due to $1,786 from our out-licensing of INCRELEX® rights outside of the U.S. and $1,500 from the recognition of a development milestone event associated with our divestiture of DS-200.

Research and Development Expenses

During the three months ended March 31, 2026, we incurred $1,875 of research and development ("R&D") expenses as compared to $1,161 for the same period in 2025. The increase was primarily due to higher clinical study expenses primarily associated with our KHINDIVI™ label expansion and increased expenses associated with our ET-700 project development activities.

General and Administrative Expenses

G&A expenses consist primarily of employee compensation expenses, legal and professional fees, product marketing expenses, FDA fees, distribution expenses, business insurance, travel expenses, and general office expenses. During the three-month periods ended March 31, 2026 and 2025, we incurred $10,446 and $9,170, respectively, of G&A expenses. The increase in G&A expenses during the three months ended March 31, 2026 was primarily attributable to higher FDA fees as the Company no longer qualifies for the orphan fee exemption and higher employee-related costs due to increased headcount to support the business.

Liquidity and Capital Resources

As of March 31, 2026, we had total assets of $97.7 million, cash and cash equivalents of $19.7 million and working capital of $9.1 million.

Cash Flows

The following table sets forth a summary of our cash flows for the three-month periods ended March 31, 2026 and 2025 (dollars in thousands):

	Three months ended March 31, 2026	Three months ended March 31, 2025
Net cash from operating activities	$ 7,405	$ 2,090
Cash used in investing activities	(15,075)	—
Cash from financing activities	1,389	394
Change in cash and cash equivalents	$ **(6,281)**	$ **2,484**

During the three months ended March 31, 2026, net cash from operating activities was $7,405 compared to $2,090 during the three months ended March 31, 2025. The increase in cash from operating activities during the three months ended March 31, 2026 was primarily due to higher cash collections from product sales and lower cash outlay for inventory purchases. During the three months ended March 31, 2026, net cash used in investing activities was $15,075 and was primarily attributable to a $14,000 payment associated with the acquisition of the U.S. commercial rights to HEMANGEOL® in February 2026 and the $1,000 upfront payment for the licensing of U.S. marketing rights to an ultra-rare disease product candidate (also in February 2026). During the three months ended March 31, 2026, net cash from financing activities was $1,389 compared to $394 during the three months ended March 31, 2025. The increase in net cash from financing activities related to increased proceeds from stock option exercises.

Non-GAAP Financial Measures

EBITDA, or earnings before interest, taxes, depreciation and amortization, adjusted EBITDA, non-GAAP net income and non-GAAP earnings per share are used and provided by us as non-GAAP financial measures. These non-GAAP financial measures are intended to provide additional information on our performance, operations and profitability. Adjustments to our GAAP figures as well as EBITDA includes non-recurring acquisition or divestiture-related costs and severance costs, as well as non-cash items such as share-based compensation, inventory step-up expense, depreciation and amortization, and other non-cash adjustments. Certain other special items or substantive events may also be included in the non-GAAP adjustments periodically when their magnitude is significant within the periods incurred. We maintain an established non-GAAP policy that guides the determination of what costs or gains will be included in non-GAAP adjustments.

We believe that these non-GAAP financial measures, when considered together with the GAAP figures, can enhance an overall understanding of our financial and operating performance. The non-GAAP financial measures are included with the intent of providing investors with a more complete understanding of our historical financial results and trends and to facilitate comparisons between periods. In addition, these non-GAAP financial measures are among the indicators our management uses for planning and forecasting purposes and measuring our performance. These non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The non-GAAP financial measures used by us may be calculated differently from, and therefore may not be comparable to, non-GAAP financial measures used by other companies.

Reconciliations of reported GAAP net income (loss) to EBITDA, adjusted EBITDA and non-GAAP net income, and the related per share amounts, were as follows (in thousands, except share and per share amounts):

	For the three months ended	
	March 31, 2026	March 31, 2025
GAAP Net income (loss)	$ **1,554**	$ **(1,572)**
Depreciation (1)	22	12
Intangible amortization expense (2)	1,109	1,001
Interest expense (including debt discount amortization and non-cash interest expenses)	1,136	1,163
Income tax expense	20	74
EBITDA	$ **3,841**	$ **678**
Other non-GAAP adjustments:		
Inventory step-up expense (3)	350	1,142
Stock-based compensation (4)	1,518	1,200
Severance expense (5)	—	335
Acquisition/divestiture-related costs (6)	—	320
Total of Other non-GAAP adjustments	1,868	2,997
Adjusted EBITDA	$ **5,709**	$ **3,675**
GAAP Net income (loss)	$ **1,554**	$ **(1,572)**
Non-GAAP adjustments:		
Depreciation (1)	22	12
Intangible amortization expense (2)	1,109	1,001
Inventory step-up expense (3)	350	1,142
Stock-based compensation (4)	1,518	1,200
Severance expense (5)	—	335
Acquisition/divestiture-related costs (6)	—	320
Total pre-tax non-GAAP adjustments	2,999	4,010
Income tax effect of pre-tax non-GAAP adjustments (7)	71	43
Total non-GAAP adjustments	2,928	3,967
Non-GAAP Net Income	$ **4,482**	$ **2,395**
Weighted average number of common shares outstanding, basic	27,285	26,886
Weighted average number of common shares outstanding, diluted	31,547	31,017
GAAP income (loss) per share - Basic	$ **0.06**	$ **(0.06)**
Non-GAAP adjustments	0.11	0.14
Non-GAAP income per share - Basic	$ **0.17**	$ **0.08**
GAAP income (loss) per share - Diluted	$ **0.05**	$ **(0.06)**
Non-GAAP adjustments	0.09	0.13
Non-GAAP income per share - Diluted	$ **0.14**	$ **0.07**

(1) Represents depreciation expense related to our property and equipment.
(2) Intangible amortization expenses are associated with our intellectual property rights related to INCRELEX®, HEMANGEOL®, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous and Nitisinone.
(3) During the three months ended March 31, 2026 and 2025, we recognized in cost of sales $350 and $1,142, respectively, for inventory step-up expense primarily attributable to INCRELEX® inventory revalued in connection with this product acquisition.
(4) Represents share-based compensation expense associated with our stock option and restricted stock unit grants to our employees and non-employee directors and our employee share purchase plan.
(5) Represents severance and benefit expenses associated with role redundancy within commercial operations during the first quarter of 2025.
(6) Represents legal expense and other divestiture-related costs associated with the out-licensing of the INCRELEX® commercial rights in territories outside of the U.S.
(7) Income tax adjustments on pre-tax non-GAAP adjustments represent the estimated income tax impact of each pre-tax non-GAAP adjustment based on the effective income tax rate for the period. As discussed further in Note 10, we are in a full income tax valuation allowance position and the income tax effect on pre-tax non-GAAP adjustments is commensurate with the performance measure.

Critical Accounting Policies

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of our financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 2 to notes to our financial statements included herein, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

Revenue Recognition for Contracts with Customers

We account for contracts with our customers in accordance with Accounting Standards Codification ("ASC") 606 — Revenue from Contracts with Customers. ASC 606 applies to all contracts with customers, except for contracts that are within the scope of other standards. Under ASC 606, an entity recognizes revenue when its 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 entity 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.

At contract inception, once we determine the contract falls within the scope of ASC 606, we assess 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. We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Arrangements that include rights to additional goods or services that are exercisable at a customer's discretion are generally considered options. We assess whether these options provide a material right to the customer and, if so, they are considered performance obligations. Renewal options that provide a material right are treated as a separate performance obligation, allocated a portion of the transaction price, and related revenue is deferred until the option is exercised or the option expires unused.

We recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) each performance obligation is satisfied at a point in time. For the three months ended March 31, 2026 and 2025, all revenues recognized in the Condensed Statements of Operations were point in time sales to our customers.

Milestone Payments – If a commercial contract arrangement includes development milestone payments, we will evaluate whether the milestone conditions have been achieved and if it is probable that a significant revenue reversal would not occur before recognizing the associated revenue. Milestone payments that are not within our control or the licensee's control, such as regulatory approvals, are generally not considered probable of being achieved until those approvals are received.

Licensing Revenues – We recognize revenues from licensing arrangements primarily associated with product license agreements that could contain development activity milestones and agreements to divest the licensing rights to products or product candidates. At the inception of each licensing agreement, we assess the goods or services promised within the contract to identify performance obligations. If a license to our product rights is determined to be distinct from other promised goods or services, it is accounted for as a separate performance obligation. If a license grants the customer a right to use our product license, revenue is recognized at the point in time when the license is transferred to the customer and the customer has the ability to use and benefit from the product license. Additionally, revenue is recognized from product license agreements with development activity milestones when these development activities occur per the contractual terms of the agreement.

Royalties – For arrangements that include sales-based royalties, including milestone payments based on a level of sales, which are the result of a customer-vendor relationship and for which the license is deemed to be the predominant item to which the royalties relate, we will recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied or partially satisfied.

Principal Versus Agent – Under the terms of the transitional services agreement ("TSA") between us and Ipsen S.A, we evaluated whether our performance obligation is a promise to transfer product to a customer as the principal, or to arrange for product to be provided by another party using a control model as the agent. This evaluation determined that we are not in control of establishing the transaction price, managing all aspects of the shipment process and taking the risk of loss for delivery, collection and returns. Based on our evaluation of the control model, we determined that our responsibilities under the TSA was as an agent and not the principal, and correspondingly, such revenue related to products sold by Ipsen S.A are reported on a net versus a gross basis.

Significant Financing Component – In determining the transaction price, we will adjust consideration for the effects of the time value of money if the expected period between payment by the licensees and the transfer of the promised goods or services to the licensees will be more than one year.

For our INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous, and Nitisinone products, we bill at the initial product list price which are subject to offsets for patient co-pay assistance and potential state Medicaid reimbursements which are recorded as a reduction of net revenues at the date of sale/shipment. INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous, and Nitisinone product sales are not subject to returns. Upon recognition of revenue from product sales, the estimated amounts of chargebacks, prompt pay discounts and state Medicaid are in sales reserves, accrued liabilities and net accounts receivable.

We store our INCRELEX®, HEMANGEOL®, ALKINDI SPRINKLE®, KHINDIVI™, DESMODA™, GALZIN®, PKU GOLIKE®, Carglumic Acid, Betaine Anhydrous and Nitisinone products inventory at our pharmacy distributor customer locations, and sales are recorded when stock is pulled and shipped to fulfill specific patient orders.

The state Medicaid rebate and related liability are estimated based on monthly sales, historical experience of claims submitted by the various states and jurisdictions, historical rebate rates and estimated lag time of the rebate invoices.

Acquisitions

We account for business acquisitions using the acquisition method of accounting. Under this method of accounting, assets acquired and liabilities assumed are recorded at their respective fair values at the date of the acquisition. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions. Our estimates of fair value are based upon assumptions believed to be reasonable but that are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill.

We account for acquisitions that do not meet the definition of a business as an asset acquisition. The determination of whether a transaction represents a business combination or an asset acquisition requires significant judgment, including an evaluation of whether the acquired set includes a substantive process and whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. For transactions accounted for as asset acquisition, we allocate the purchase price, including transaction costs, to the individual assets acquired and liabilities assumed on a relative fair value basis. This allocation requires management to make significant estimates and assumptions, including the selection of valuation methodologies, discount rates, projected cash flows, and useful lives of acquired assets. Changes in these assumptions could result in materially different allocations of the purchase price, which may impact future depreciation and amortization expense. In addition, because goodwill is not recognized in asset acquisitions, the assignment of value to identifiable intangible assets may be greater than in a business combination.

We amortize finite-lived intangible assets over their estimated useful lives and evaluates indefinite-lived assets for impairment. The determination of useful lives and the timing of impairment assessments require significant judgment and may materially affect our results of operations. Critical estimates in valuing certain of the intangible assets acquired include:

- future expected cash flows from customer contracts and license agreements;
- historical and expected customer attrition rates and anticipated growth in revenues from acquired customers; and
- discount rates.

Stock-Based Compensation

We account for stock-based compensation under the provisions of ASC 718 Compensation – Stock Compensation. The guidance under ASC 718 requires companies to estimate the fair value of the stock-based compensation awards on the date of grant and record expense over the related service periods, which are generally the vesting period of the equity awards. Compensation expense is recognized over the period during which services are rendered by consultants and non-employees until completed. The fair value of these awards and assumption inputs are measured using the Black-Scholes option-pricing model (“BSM”).

We estimate the fair value of stock-based option awards using the BSM. The BSM requires 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 was determined from the implied yields for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options or warrants. Dividends on common stock are assumed to be zero for the BSM valuation of the stock options. The expected term of stock options granted is based on vesting periods and the contractual life of the options. Expected volatilities are based on our historical volatility subsequent to our IPO, which we believe represents the most accurate basis for estimating expected future volatility. We account for forfeitures as they occur.

Off Balance Sheet Transactions

We do not have any off-balance sheet transactions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of our investment activities is to preserve capital. We do not utilize hedging contracts or similar instruments. We are exposed to certain market risks relating primarily to interest rate risk on our cash and cash equivalents and risks relating to the financial viability of the institutions which holds our capital and through which we have invested our funds. We manage such risks by investing in short-term, liquid, highly rated instruments. As of March 31, 2026, our cash equivalents only included cash deposits and a high-grade money market fund at our bank. From time to time, we do have cash investments in short-term money market or U.S. treasury bills. We do not believe that we have any material exposure to interest rate risk in the current interest rate environment and the short duration of the invested funds we hold. Declines in interest rates would reduce our investment income but would not have a material effect on our financial condition or results of operations. We have limited exposure to foreign currency risk.

We are subject to interest rate risk in connection with our variable rate credit agreement. Our principal interest rate exposure relates to our credit agreement, which bears interest rates that are indexed against SOFR plus 6.75%. As of March 31, 2026, we had outstanding borrowings under our credit agreement totaling $30.0 million, excluding unamortized debt issuance costs and accrued exit fees.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, which are controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions required disclosure.

Management recognizes, however, that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, within a company have been detected.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated, as of March 31, 2026, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) and Rule 156-15(e), and our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2026, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2026 that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

We operate in a dynamic and rapidly changing environment that involves numerous risks and uncertainties. Certain factors may have a material adverse effect on our business, financial condition, and results of operations, and you should carefully consider them. Other events that we do not currently anticipate or that we currently deem immaterial may also affect our results of operations and financial condition.

You should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our 2025 10-K, which could materially affect our business, financial condition, cash flows or future results. The risk factors described in our 2025 10-K, are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or future results.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b-5(1) Trading Plans. During the three-month period ended March 31, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The exhibits listed on the Exhibit Index are either filed or furnished with this report or incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description
10.1	Asset Purchase Agreement dated February 27, 2026 by and among Pierre Fabre Medicament Sas and the Registrant (portions of the exhibit have been redacted).
31.1	Certification of President and Chief Executive Officer (Principal Executive Officer), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer (Principal Financial Officer), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certifications of President and Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2026 formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Condensed Balance Sheets, (ii) the Condensed Statements of Operations, (iii) the Condensed Statements of Stockholders' Equity, (iv) the Condensed Statements of Cash Flows and (v) Notes to Condensed Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language 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.

ETON PHARMACEUTICALS, INC.

May 14, 2026

By: */s/ Sean E. Brynjelsen*
Sean E. Brynjelsen
President and Chief Executive Officer
(Principal Executive Officer)

By: */s/ James R. Gruber*
James R. Gruber
Chief Financial Officer
(Principal Financial Officer)

PFM #2026-00074

Certain information has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential

EXCLUSIVE LICENSE AGREEMENT

THIS EXCLUSIVE LICENSE AGREEMENT (this "**Agreement**") dated as of February 27, 2026 (the "**Effective Date**"), is entered into between Pierre Fabre Medicament Sas a corporation organized under the laws of France **(**"**PFM**" and or "**Licensor**"), with a place of business at les Cauquillous, 81500 Lavaur, and Licensor's Affiliate, Pierre Fabre Pharmaceuticals, incorporated under the laws of Delaware and having its registered office at Suite 701B, 500 Plaza Drive, Secaucus, NJ 07094 ("**PFP**") and Eton Pharmaceuticals, Inc., a Delaware corporation ("**Eton**" and/or "**Licensee**"), with a place of business at 21925 Field Pkwy, Suite 235, Deer Park, Illinois 60010. Each of PFM, PFP, and Eton may be referred to individually as a "**Party**" or "**party**" and collectively as the "**Parties**" or "**parties**."

WHEREAS, PFM is engaged in the development, manufacture and the commercialization of the Product (as defined herein) worldwide.

WHEREAS, Eton has expertise in commercializing pharmaceutical products in the Territory (as defined herein)

WHEREAS, PFM desires to enter into a relationship with Eton wherein Eton will have the right to manufacture and commercialize the Product in the Field (as defined herein) in the Territory, pursuant to the terms of this Agreement, and Eton desires to obtain such right, in each case, on the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. DEFINITIONS.

For the purposes of this Agreement, the following terms have their respective meanings set forth below, and grammatical variations of such terms have corresponding meanings:

1.1 "Accounting Standards" means, with respect to Licensor, IFRS and/or GAAP, and with respect to Licensee, GAAP.

1.2 "Action" means any action, cause of action, claim, complaint, charge, suit, examination, demand, inquiry, investigation, audit, indictment, litigation, hearing, mediation, arbitration or other proceeding, whether civil, criminal, administrative, judicial or investigative, formal or informal, whether at law or in equity, and whether private or public, including by or before any Governmental Entity.

1.3 "Affiliate" means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or is under common control with, such Person. A Person shall be regarded as in control of another Person if it owns, or directly or indirectly controls, more than fifty percent (50%) of the voting stock or other ownership interest of the other Person, or if it directly or indirectly possesses the power to direct or cause the direction of the management and policies of the other Person by any means whatsoever.

1.4. "ANDA Litigation" means any action, suit, proceeding, claim, arbitration, or other dispute arising out of or relating to (a) any Abbreviated New Drug Application filed under 21

U.S.C. § 355(j) referencing the Product or any Generic thereof, or (b) any allegation of infringement under 35 U.S.C. § 271(e)(2) relating to the Product or the Licensed Patent Rights, including any appeals, oppositions, post-grant proceedings, settlement agreements, consent judgments, or related government inquiries.

1.5 "API" means the active pharmaceutical ingredient propranolol, including any salt, free acid/base, solvate, hydrate, stereoisomer, enantiomer, polymorphic form, co-crystalline form, amorphous form, and chelate thereof (including propranolol hydrochloride).

1.6 [information redacted]

1.7 "Business Days" means any day other than Saturday, Sunday or any other day on which commercial banks in New York, New York or France are authorized or required by law to remain closed.

1.8 "Calendar Year" means any twelve (12) month period commencing on January 1st.

1.9 [information redacted]

1.10 "cGMP" means the principles detailed in the United States Current Good Manufacturing Practices (21 C.F.R. §§ 200, 211 and 600).

1.11 "Competitive Product" means any product containing the API in the Field.

1.12 "Commercially Reasonable Efforts" or "CRE" means, with respect to the efforts to be undertaken by a Party, the level of efforts, expertise, and resources that a similarly situated company operating in the pharmaceutical industry, would ordinarily apply in good faith, consistent with applicable Laws and regulatory requirements, and with due regard to safety, efficacy, and commercial practicability, to achieve the intended objective in a diligent, timely, and efficient manner.

1.13 "Confidential Information" means all information and data that (a) is provided by one party to the other party under this Agreement, and (b) if disclosed in writing or other tangible medium is marked or identified as confidential at the time of disclosure to the recipient, is acknowledged at the time of disclosure to be confidential, or otherwise should reasonably be deemed to be confidential. Notwithstanding the foregoing, Confidential Information of a party shall not include that portion of such information and data which, and only to the extent, the recipient can establish by written documentation: (i) is known to the recipient as evidenced by its written records before receipt thereof from the disclosing party, (ii) is disclosed to the recipient free of confidentiality obligations by a third Person who has the right to make such disclosure, (iii) is or becomes part of the public domain through no fault of the recipient, or (iv) the recipient can reasonably establish is independently developed by Persons on behalf of recipient without access to or use of the information disclosed by the disclosing party.

1.14 "Contract" means any mortgage, indenture, lease, contract, covenant, arrangement, agreement, instrument, commitment, purchase order, or license.

1.15 "Data Protection Laws" means all applicable Laws, including the Health Insurance Portability and Accountability Act, the California Consumer Privacy Act of 2018, and the General Data Protection Regulation 2016/679, and any national other legislation, relating to privacy and data protection, direct marketing or the interception or communication of electronic messages, in each case as amended, consolidated, re-enacted or replaced from time to time.

1.16 "Derived" or "derived" means acquired, obtained, conceived, reduced to practice, developed, created, synthesized, designed, derived or resulting from, based upon or otherwise generated (whether directly or indirectly, or solely or jointly with others, or in whole or in part).

1.17 "FDA" means the Food and Drug Administration of the United States or any successor thereto.

1.18 "Field" means the treatment of infantile hemangioma.

1.19 "GAAP" means United States generally accepted accounting principles.

1.20 "Generic" means, with respect to a Product, a pharmaceutical product sold by a Third Party, not authorized by PFM, (a) sold under a Registration granted by FDA or any other regulatory authority to a Third party (who is not Sublicensee of Licensee or otherwise has been authorized by Licensee to sell such product), (b) which contains the same or equivalent API as contained in such Product (whether or not in the same formulation or a similar formulation as the Product) and is therapeutically equivalent to such Product and (c) is approved in reliance on a prior Registration of the Product granted to by the FDA or any applicable regulatory authority.

1.21 "Governmental Entity" means any government, agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether multinational, national, foreign, domestic, territorial, federal, state, municipal or local, governmental entity, quasi-governmental entity, self-regulatory organization (including any securities exchange) or any judicial or public or private arbitrational body or tribunal, court, commission, board, bureau, agency or instrumentality or any regulatory, administrative or other department, political or other subdivision or branch of any of the foregoing.

1.22 "Hemangeol Trademark" means the product name "Hemangeol," together with all Trademarks related to "Hemangeol," in each case owned by, or licensed to (with the right to grant sublicenses), PFM or any of its Affiliates, whether existing as of the Effective Date or derived at any time after the Effective Date (listed on Exhibit B)

1.23 [information redacted]

1.24 "Initial Purchased Inventory" means, collectively, the following quantities of finished, released Product owned by PFP as of the Effective Date for use in the Territory: [information redacted]

1.25 "Initial Transition Period" shall have the meaning set forth in section 3.3(a).

1.26 "Law" means any federal, national, territorial, state, municipal or local, foreign, multi-national or domestic statute, act, law (including common law), treaty, ordinance, rule, regulation, order, writ, injunction, directive, judgment, award, code, approval, permit, decree, ruling, or other legally-binding requirement, in each case, having the force and effect of law, or any similar form of decision or approval of, or determination by, or binding interpretation or administration of, any of the foregoing issued, enacted, adopted, promulgated, implemented or otherwise put in effect by or under the authority of a Governmental Entity.

1.27 "Licensed IP Rights" means the Licensed Patent Rights, the Licensed Know-How Rights, Hemangeol Trademark and all other intellectual property rights related to the Technology owned by, or licensed to (with the right to grant sublicenses), PFM or any of its Affiliates, whether existing as of the Effective Date or derived at any time after the Effective Date.

1.28 "Licensed Know-How Rights" means all trade secret and other know-how rights related to the Technology owned by, or licensed to (with the right to grant sublicenses), PFM or any of its Affiliates, whether existing as of the Effective Date or derived at any time after the Effective Date.

1.29 "Licensed Patent Rights" means, collectively, (a) all patents and patent applications owned by or licensed to (with the right to grant sublicenses), PFM or any of its Affiliates (including provisional patent applications) in any jurisdiction that claim or cover the Technology (whether existing on or any time after the Effective Date), including those listed on Exhibit A, together with all divisionals, continuations and continuations-in-part that claim priority to, or common priority with, the foregoing; (b) all patents issuing therefrom (including utility models and design patents and certificates of invention); (c) all reissues, reexaminations, *inter partes* reviews, renewals, restorations, extensions and supplementary protection certificates of any of the foregoing patent applications or patents; (d) all confirmation patents, registration patents or patents of addition based on any of the foregoing patents; and (e) all foreign counterparts of any of the foregoing, or as applicable portions thereof.

1.30 "Net Sales" means the gross sales price of Product invoiced by Eton, its Sublicensees or its or their respective Affiliates to customers who are not Affiliates (or are Affiliates but are the end users of such Product), less, in each case determined in accordance with GAAP: (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, such customers; (b)freight, postage, insurance, packing costs and duties, paid for and separately identified on the invoice or other documentation maintained in the ordinary course of business; (c) cash, quantity and trade discounts, rebates and other price reductions for Product; (d) sales, use, and other direct Taxes imposed directly on the sales of the Product; (e) the portion of administrative fees paid during the relevant time period to group purchasing organizations or pharmaceutical benefit managers; (f) costs incurred in connection with patient support services, including to insurance benefit investigations, co-pay assistance, rebates and similar price concessions to patients, in each case to the extent treated as reductions of revenue under GAAP (for the avoidance of doubt, other patient support service costs shall not be deducted in computing Net Sales); and (g) an allowance for uncollectible or bad debts.

Net Sales will exclude any Product transferred or disposed of as samples or at or below costs of goods therefor for any so-called treatment investigational new drug sales, named patient sales, expanded access program, compassionate or emergency use sales or pre-license sales made for non-commercial, compassionate purpose, or any indigent program or promotional or educational purposes.

1.31 "New Drug Application" or "NDA" means a submission to the U.S. Food and Drug Administration under Section 505(b) of the Federal Food, Drug, and Cosmetic Act seeking approval to market a pharmaceutical product in the United States, including any amendments or supplements thereto.

1.32 "Outstanding POs" means PFM's purchase order issued to its CMO for Product that is intended for sale within the Territory, as listed in Exhibit E to the Agreement.

1.33 "Paragraph IV Action" means any ANDA Litigation initiated in response to a Paragraph IV Notice.

1.34 "Paragraph IV Notice" means any notice delivered under 21 U.S.C.§ 355(j)(2)(B) alleging invalidity, unenforceability, or non-infringement of any Licensed Patent Rights.

1.35 "Person" means any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group of any of the foregoing.

1.36 "PFM Current Inventory" means, as of the Effective Date, all finished, released inventory of Product for use in the Territory that is owned by PFM.

1.37 "PFP Current Inventory" means, as of the Effective Date, all finished, released inventory of Product for use in the Territory that is owned by PFP.

1.38 "Product" means the proprietary oral solution product containing the API, identified in New Drug Application No. 005939 (Hemangeol®), including the formulation, presentation, concentration (4.28 mg/mL), and all improvements, enhancements, line extensions and modifications thereto.

1.39 "Registration" means any registration, license, permit or governmental approval or clearance from the FDA or other regulatory authority necessary for the purchase, distribution, promotion, marketing or sale of a human pharmaceutical product, including any NDA and any approval thereof.

1.40 "Regulatory Filing" means any New Drug Application or Abbreviated New Drug Application, or any other application, notification or submission made to or with the FDA or other regulatory authority for Registration of a human pharmaceutical product, together with all amendments and supplements to any of the foregoing.

1.41 "Restricted Period" shall have the meaning set forth in section 2.4.1.

1.42 "Retained Inventory" means the portion of PFP Current Inventory remaining after deduction of the Initial Purchased Inventory that is available for sale by PFP in the ordinary course of business during the PFP Sell-Down Period (as defined in Section 5.3.2 (b)).

1.43 "Royalty Period" means the period commencing on the Effective Date and ending on the date that there is no Valid Claim in the Territory.

1.44 "Sublicensee" means a Third Party to whom Eton has granted a royalty bearing sublicense, immunity or other right under the Licensed Patent Rights to offer to sell, sell or otherwise commercialize Product in the Field in the Territory pursuant to Section 2.2., provided such sublicense has not expired or been terminated. "Sublicense" shall mean an agreement or arrangement granting or assigning such rights as used in this Agreement. "Sublicensee" shall not include Third Party distributors appointed by Licensee or any of its Affiliates to promote, distribute, market, and sell the Product, with or without holding Registration in the Territory, in circumstances where such Third Party purchases Product from Licensee or its Affiliates for resale but does not make any royalty payment to Licensee or its Affiliates with respect to its resale of such Product.

1.45 "Tax" or "Taxes" means any and all federal, state, local and foreign taxes, assessments and other governmental charges, duties, impositions and liabilities, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes as well as public imposts, fees and social security charges (including but not limited to health, unemployment and pension insurance), together with all interest, penalties and additions imposed with respect to such amounts and any obligation under any agreement or arrangement with any other Person with respect to such amounts and including any liability for taxes of a predecessor entity.

1.46 "Tax Return" means any return, report, declaration, form, claim for refund, information return or other document, including any schedules or attachments thereto, filed or required to be filed with any Governmental Entity with respect to Taxes, including any amendments thereof.

1.47 "Taxing Authority" means any Governmental Entity responsible for the administration or the imposition of any Tax.

1.48 "Technology" means (a) Product, (b) all compositions, components and formulations thereof, (c) all uses and methods of manufacture of the foregoing, (d) all other discoveries, inventions (whether or not protectable under patent Laws), designs, developments, works of authorship, data, information, compositions, formulae, procedures, protocols, techniques, results of experimentation and testing and (e) all other scientific, marketing, market access, financial and commercial information or data related to the foregoing, whether existing as of the Effective Date or derived at any time after the Effective Date.

1.49 "Territory" means the United States of America, together with all of its territories and possessions.

1.50 "Third Party" means any Person other than Eton, PFM or their respective Affiliates.

1.51 "Trademarks" means registered and unregistered trademarks, trade names, designs, logos and markings of any kind.

1.52 "Transition Period" means the period beginning on the Effective Date and ending on April 30, 2026 (or such other date as the Parties mutually agree in writing).

1.53 "Transition Plan" means a transition plan established between PFM, PFP and Licensee in order to transition in a smooth and efficient manner the ongoing activities currently handled by PFM and/or PFP with respect to the Territory. The Transition Plan detailing each Party's responsibility for each activity and timelines is attached hereto as Exhibit C. In the event of any conflict between the Transition Plan and the terms of this Agreement, the terms of this Agreement shall govern.

1.54 "Valid Claim" means either a claim of an issued and unexpired patent included within the Licensed Patent Rights, which has not been held permanently revoked, unenforceable or invalid by a decision of a court or other Governmental Entity of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

1.55 "VDR Materials" means all items made available to Eton at any time before the Effective Date in the virtual data room under the parties in connection with the transactions contemplated by this Agreement.

1.56 [information redacted]

2. LICENSES

2.1 Grant of Rights. Subject to the terms and conditions of this Agreement, PFM, on behalf of itself and its Affiliates, hereby grants to Eton an exclusive (even as to PFM and its Affiliates) right and license (with the right to grant sublicenses through multiple tiers pursuant to section 2.2) under the Licensed IP Rights (a) to offer for sale, sell, import, or otherwise exploit, commercialize or dispose of Product in the Field in the Territory and (b) to make or have made the Product worldwide for use, offering for sale, sale, importation or other exploitation, commercialization or disposition of the Product in the Field in the Territory.

2.2 Sublicense. Eton may sublicense, in whole or in part, the rights granted to it under this Agreement to its Affiliates or to Third Parties, provided that Eton shall provide PFM with prompt written notice following the grant of any such sublicense. Any Third Party Sublicensee shall have the financial, technical, and operational capability necessary to perform the sublicensed obligations in accordance with this Agreement. All sublicenses shall be subject to the following conditions:

(a) Each Sublicense shall be in writing and shall be subject to, and consistent with, the terms and conditions of this Agreement. No Sublicense shall relieve Eton of any of its obligations, duties, or liabilities under this Agreement, and Eton shall remain fully responsible for the acts and omissions of its sublicensees.

(b) Eton shall furnish to PFM a true and complete copy of each Sublicense agreement and any amendment thereto within twenty (20) days after execution, provided that such copies may be redacted solely to remove information not reasonably necessary to assess compliance with this Agreement.

(c) Any Sublicense granted under this Section shall be granted only in connection with, and shall not exceed the scope of, the license granted to Eton under this Agreement.

2.3 Activities Outside the Respective Territory.

2.3.1 To the extent permitted by applicable Laws, Licensee hereby covenants and agrees that it shall not (and shall ensure its Affiliates, Sublicensees and Distributors shall not), either directly or indirectly, market, promote, distribute, or sell or otherwise engage in the commercialization of the Product into or within countries outside of the Territory. Without limiting the generality of the foregoing, with respect to such countries outside of the Territory, Licensee shall not (and shall ensure its Affiliates, Sublicensees and Third Party distributors shall not) (i) engage in any promotional, advertising, educational, scientific communications, medical affairs, activities relating to the Product directed to customers or other Persons located in such countries, or (ii) solicit orders from any prospective purchaser located in such countries, provided in each case that Licensee (and its Affiliates, Sublicensees and Distributors) shall not be restricted from presenting the Product in international congresses, conferences or meetings organized by a professional society, conducting market research, or interacting with key opinion leaders, outside the Territory, each in connection with the Product.

2.3.2 To the extent permitted by applicable Laws, Licensor hereby covenants and agrees that it shall not (and shall ensure its Affiliates, Sublicensees and Distributors shall not), either directly or indirectly, market, promote, distribute, or sell or otherwise engage in the commercialization of the Product in the Territory. Without limiting the generality of the foregoing, with respect to such countries in the Territory, Licensor shall not (and shall ensure its Affiliates, Sublicensees and third party distributors shall not) (i) engage in any promotional, advertising, educational, scientific communications, medical affairs activities relating to the Product directed to customers or other Persons, located in such countries, or (ii) solicit orders from any prospective purchaser located in such countries, provided in each case that Licensor (and its Affiliates, Sublicensees and Distributors) shall not be restricted from presenting the Product in international congresses, conferences or meetings organized by a professional society, conducting market research, or interacting with key opinion leaders, in the Territory, each in connection with the Product.

2.4 Non-Competition.

2.4.1 During the period commencing on the Effective Date and ending on the fifth (5th) anniversary thereof (the "**Restricted Period**"), to the greatest extent permissible under applicable Law, neither PFM nor its Affiliates shall, directly or indirectly, whether by itself or through any other Person, (a) research, develop, manufacture, submit Regulatory Filings for, market, solicit orders for, offer for sale, sell, import, distribute, commercialize or otherwise provide Competitive Product in the Territory any manner; or (b) enter into any agreement to do any of the foregoing or directly or indirectly assist any Third Party or Affiliate in any of the foregoing.

2.4.2 PFM hereby acknowledges that a breach or threatened breach of this Section 2.4 would give rise to irreparable harm to Eton, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by PFM of any such obligations, Eton shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond). In the event of a violation or breach by PFM or any of its Affiliates, of any agreement set forth in this Section 2.4, the term of the Restricted Period shall be extended by a period equal to the duration of such violation or breach.

2.4.3 PFM hereby acknowledges that the geographic boundaries, scope of prohibited activities and the duration of the provisions of this Section 2.4 are reasonable and are no broader than are necessary to protect the legitimate business interests of Eton, including the ability of Eton to realize the benefit of its bargain under this Agreement and to enjoy the goodwill of the business related to the Products, and that such restrictions constitute a material inducement to Eton to enter into this Agreement. In the event that any covenant contained in this Section 2.4 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 2.4 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

2.5 Retention of Rights. All rights not expressly granted to Eton under this Agreement are expressly reserved by PFM or its Affiliates.

2.6 No Implied Rights. No rights are granted by implication, estoppel, or otherwise, except as expressly set forth herein.

3. TRANSITION.

3.1 Initial Transfer. Licensor or its Affiliate PFP will make available to Licensee all reasonably available documentation and data in relation to Licensed IP Rights or the Technology as Licensee may reasonably require or request that exists as of the Effective Date in accordance with the Transition Plan, provided, the documentation and data set forth under the Transition Plan shall be made available by Licensor or its Affiliates to Licensee as soon as reasonably practicable and in any event, within the time set forth in the Transition Plan. Besides the Transition Plan, and subject to Section 3.3, Licensor and/or its Affiliates PFP shall provide reasonable assistance to Licensee to ensure a smooth and effective transfer of the Licensed IP Rights, Regulatory Filings, Registration, supply chain and marketing materials developed by Licensor and/or its Affiliate PFP with respect to the Product, especially:

(a) Regulatory Documentation. Promptly after the Effective Date (but in no event more than two (2) Business Days thereafter), PFM shall electronically submit through the FDA's electronic gateway a letter notifying the FDA of the transfer of the Regulatory Filings and/or Registrations of the Product in the Territory, in the form as mutually agreed by the parties prior to the Effective Date, and PFM shall provide a copy of such letter to the Eton. Promptly after PFM has submitted such letter (but in no event more than five (5) Business Days thereafter), Eton shall submit through the FDA's electronic gateway a letter notifying the FDA of its acceptance of the transfer of such Regulatory Filings and/or Registrations, in the form as mutually agreed by the Parties.

(b) [information redacted]

Licensor shall provide reasonable assistance, including technology transfer support, regulatory documentation, and introductions to the manufacturer, as required to enable such transition.

(c) Market Access Contracts

No Assumption of Market Access Contracts by Licensee. Licensee shall not assume, and Licensor shall retain, all obligations, liabilities, and responsibilities under any agreements, arrangements, or programs relating to pricing, rebates, chargebacks, market access, managed care, PBM, GPO, specialty pharmacy, federal or state government pricing or discount programs, or any other commercial or governmental contracting applicable to the Product that were or are in effect prior to the end of the Transition Period, including the [information redacted]. For the avoidance of doubt, nothing in this Agreement shall be construed as a transfer, assignment, novation, or delegation of any Existing Market Access Contract to Licensee, and under no circumstances will Licensee be responsible for any obligations, liabilities, or responsibilities relating to sales of Product under Licensor's National Drug Code (NDC).

i. [information redacted]

ii. [information redacted]

iii. Cooperation; Information Sharing. To the extent reasonably necessary for Licensor to fulfill its applicable obligations under the [information redacted] and the [information redacted], Licensee shall provide Licensor with reasonable cooperation and access to relevant post-Transition Period sales data and sales forecast for the Product; provided that (a) Licensee shall not be required to provide any information not reasonably necessary for Licensor's performance of its obligations, and (b) Licensor shall use any such information solely to fulfill its obligations under this Section. Licensee shall be solely responsible for the accuracy and completeness of all data relating to Product utilization or sales occurring on or after the end of the Transition Period.

iv. No Novation; Continued Legal Liability of Licensor. Upon Licensee's request, Licensor shall use Commercially Reasonable Efforts to assign to Licensee any Existing Market Access Contract. However, Unless and until Licensee and the GPO/PBM formally agree in writing to substitute Licensee as a contracting party, which will be at Licensee's sole and absolute discretion, Licensor shall remain the legal counterparty to, and remain legally liable under, such Existing Market Access Contracts. Nothing in this Agreement shall be deemed to effect a novation, release, assignment, or discharge of Licensor's obligations under any Existing Market Access Contract.

v. Wind-Down. Unless otherwise directed by Licensee, Licensor shall within thirty (30) days after the Effective Date sent to the respective counterparties in the [information redacted] and the [information redacted] formal notices of product discontinuation and notices of termination, in such form and substance that is reasonably acceptable to Licensee.

vi. Assumption of Economic Responsibility by Licensee. Notwithstanding Licensor's continued legal liability under the Existing Market Access Contracts, subject to the terms of clause (vii) below, Licensee shall be responsible for all rebates, administrative fees, chargebacks, penalties, interest, and other amounts payable under the [information redacted] and the [information redacted] to the extent attributable to the Product sales by or on behalf of Licensee occurring on or after the Transition Period ("**Post-Transition Sales**"), regardless of whether such amounts are invoiced to, paid by, or enforced against Licensor.

vii. Payment and Reimbursement Mechanics. If Licensor receives any invoice, demand, or other communication related to Post-Transition Sales, Licensor shall provide Licensee with a copy thereof, together with all reasonably available supporting documentation, within five (5) Business Days after Licensor's receipt. Licensor shall not pay, settle, or otherwise satisfy any amount related to Post-Transition Sales without first providing Licensee with written notice and a reasonable opportunity (not less than ten (10) Business Days) to review and, if applicable, dispute such amount. To the extent any such amounts are invoiced to or paid by Licensor, Licensee shall reimburse Licensor within thirty (30) days following Licensee's receipt of the applicable invoice or demand together with reasonable supporting documentation sufficient to permit Licensee to verify that such amounts are attributable to Post-Transition Sales. Licensee shall have the right, exercisable in good faith, to dispute any amount that Licensee reasonably believes is not attributable to Post-Transition Sales, is duplicative, erroneous, or is otherwise not Licensee's responsibility under this Agreement, and the Parties shall seek to resolve any such dispute in good faith. Pending resolution of any such dispute, Licensee shall pay any undisputed portion of the invoiced amount within the thirty (30)-day period set forth above. Licensee's reimbursement obligation shall apply irrespective of the timing of GPO/PBM true-ups, audits, restatements, or retroactive adjustments. Notwithstanding the foregoing, to the extent any amounts invoiced to or paid by Licensor under the [information redacted] or [information redacted] are increased as a result of Licensor's acts, omissions, errors, or failures (including obligations relating to government price reporting for periods prior to the end of the Transition Period), Licensee shall not be responsible for such increase and shall have the right to offset the amount of such increase against any reimbursement obligation otherwise owing to Licensor under this Section. Licensor shall not amend Zinc Agreement or Caremark Agreement without authorization from Licensee.

viii. Reporting and Cooperation. Licensee shall provide to Licensor such data, utilization, pricing, and other information used to calculate rebate and fee obligations attributable to the Product on or after the Transition Period.

Licensee's obligations under this Section 3.1 shall continue for the full remaining term of the [information redacted] and the [information redacted] or until such agreement expires, is terminated, or is formally replaced by a direct agreement between Licensee and the applicable GPO/PBM, whichever occurs first.

ix. Payer Notification. Licensor shall promptly notify payers of the out-licensing in such form and substance as may be reasonably acceptable to Licensee.

x. Final Reconciliation. Licensor will complete a final reconciliation limited to pre-effective-date utilization, claims, and sales occurring prior to the end of the Transition Period within 90 days after the expiration of Transition Period provided that such reconciliation shall not limit subsequent adjustments resulting from audits, restatements, delayed invoicing, or governmental review, which may occur at any time thereafter.

xi. [information redacted]

3.2. Subsequent Transfers. Notwithstanding anything to the contrary in this Agreement, subject to Section 3.3, Licensor or its Affiliate PFP shall use Commercially Reasonable Efforts to provide to Licensee, upon Licensee's request such data and documentation as each may become Controlled by Licensor and/or its Affiliate PFP, and provide reasonable assistance to Licensee which is necessary or reasonably useful for Licensee to commercialize the Product in the Field in the Territory. Licensor or its Affiliate PFP shall not be required to create new data, conduct new analyses, retrieve archived materials, or incur material out-of-pocket costs in connection with such assistance, and Licensee shall reimburse Licensor and/or its Affiliate PFP for any reasonable, documented third-party or extraordinary internal costs incurred at Eton's request in accordance with Section 3.3.

3.3 Transition Assistance

(a) Initial Assistance. For the period commencing on the Effective Date and ending on March 31, 2026 (the "**Initial Transition Period**"), Licensor or its Affiliates shall, and shall cause its employees and contractors who are dedicated to the Product as of the Effective Date to, continue to perform, at no additional cost to Eton, the same activities and level of support for the Product as such personnel performed immediately prior to the Effective Date and such other activities as set forth in the Transition Plan that Licensee may reasonably request relating to supply chain, regulatory transition, quality, and commercialization matters necessary to ensure a smooth transition of the Product to Licensee.

(b) Beginning on April 1, 2026, and continuing through the remainder of the six (6) month period following the Effective Date, Licensor and/or its Affiliate PFP shall, upon Licensee's request, cause its employees, contractors, and other personnel to provide Licensee reasonable additional technical, operational, back-office, financial, or administrative support relating to the Product. Licensee shall pay Licensor or its Affiliates for such services at a rate of [information redacted] per hour, plus Licensor or its Affiliate's reasonable and documented out-of-pocket expenses. The aggregate number of hours of such services performed under this Section 3.3(b) shall not exceed ten (10) hours per calendar month across all Licensor or its Affiliates personnel, unless otherwise agreed in writing by the parties.

(c) Licensor shall provide such reasonable cooperation and assistance as Licensee may request to notify Third Parties of the transition of the Product from Licensor to Licensee.

4. REGULATORY.

4.1 Ownership of Regulatory Filings and Registrations by Licensee Licensor shall transfer to Licensee, and upon completion of the Transition Plan, Licensee shall own all Regulatory Filings and Registrations for Product in the Field in the Territory. Thereafter, as between the Parties, Licensee shall be responsible for and have the exclusive right in the Field in the Territory: (a) to prepare, file, prosecute, submit, hold and maintain all Regulatory Filings and Registrations for the Product in the Territory; (b) to interact and communicate with the FDA and other regulatory authorities in the Territory regarding Regulatory Filings and Registrations of Product; (c) to collect information on the adverse effects of Product and report the same to the FDA and other regulatory authorities in the Territory; and (d) to coordinate and control any Recall (as defined below) of Product in the Territory in accordance with this Agreement and applicable Laws and regulations and reporting relevant information to the FDA and other regulatory authorities. Licensee shall consider in good faith the interests of Licensor in doing so. Licensor shall assist Licensee, upon request, in connection therewith.

4.2 Pharmacovigilance.

4.2.1 The Parties shall implement and maintain all procedures, systems, and practices reasonably necessary to ensure that all pharmacovigilance and safety reporting obligations relating to the Products are timely and fully satisfied, including the reporting of adverse events and other safety-related information required under applicable law.

4.2.2 The Parties acknowledge and agree that certain rights, obligations, and responsibilities relating to the collection, exchange, and reporting of safety information for the Products are set forth in the Pharmacovigilance Agreement. The Parties shall enter into a pharmacovigilance agreement (the "**Pharmacovigilance Agreement**") before May 1, 2026, through their respective pharmacovigilance departments. The Pharmacovigilance Agreement may be amended or replaced from time to time by mutual written agreement of the Parties, and any such amended or replacement agreement shall automatically supersede and replace the prior version.

4.2.3 The Parties acknowledge and agree that certain responsibilities and obligations relating to safety data collection, reporting, and pharmacovigilance shall survive the expiration or termination of this Agreement. Such obligations shall continue with respect to the Licensee for so long as the Licensee remains the owner of the New Drug Application for the Product, and the Licensor continues to commercialize the Product in its respective territories.

4.3 Recall.

4.3.1 Each party promptly shall notify the other party if Product is determined to be the subject of a recall, market withdrawal, or correction (collectively, "Recall"). In the event of a Recall, Licensee shall be responsible for coordinating and managing such Recall. Licensor or its Affiliate PFP shall reasonably cooperate with Eton and take all necessary actions that may be necessary for Licensee to manage the Recall, including providing Eton with any and all data, information and documents requested by Licensee within three (3) days of such request. The parties agree to cooperate in case of a Recall and provide such information as may be necessary to effectuate the Recall and to satisfy any regulatory requests about the Recall.

4.3.2 Licensee shall bear all reasonable out-of-pocket costs and expenses (including attorneys' fees) in connection with the Recall incurred by either party or its Affiliates, including all notification letters, postage, phone calls, faxes, courier charges and all shipping expenses (collectively, "Recall Expenses"), except to the extent a Recall is solely attributable to Licensor's breach of its obligations herein or in the Quality Agreement and to Licensor's gross negligence, in which case Licensor shall bear all Recall Expenses.

4.4 Compliance. Without limiting the foregoing, Licensor shall assist and promptly provide Licensee with any historic financial data and information related to the foregoing as may be reasonably available and accessible, that Licensee may reasonably require in order to fulfill requirements from any Governmental Entity related to the Product or transaction.

5. MANUFACTURE AND SUPPLY.

5.1 Licensor shall supply Product to Licensee and Licensee shall purchase from Licensor or its Affiliates solely in respect of Product to be delivered under the Outstanding POs, and any additional quantities of Product ordered by Licensee and expressly accepted in writing by Licensor, in each case on the terms and conditions set forth in EXHIBIT D "Key Supply Terms".

5.2 Quality Agreement. Within one (1) month as from the Effective Date, the Parties shall enter into a Quality Agreement governing the manufacture and supply of the Product in mutually agreed terms and conditions for the manufacture and supply of the Product that are customary for agreements of this type.

5.3 Inventory.

5.3.1 PFM Current Inventory. As of Effective Date, PFM shall sell and deliver to Licensee all PFM Current Inventory at the applicable Transfer Price plus Freight Costs, in accordance with this Agreement and Exhibit D (*Key Supply Terms*), and title to and risk of loss for such PFM Current Inventory shall pass to Licensee upon delivery as specified in Exhibit D.

5.3.2 PFP Current Inventory; Initial Purchased Inventory and Retained Inventory.

(a) Initial Purchased Inventory. On the Effective Date, PFP shall sell and deliver to Licensee the Initial Purchased Inventory at the applicable PFP Book Value and shall issue an invoice to Licensee accordingly. Such invoice shall be payable within thirty (30) days of receipt. Title to and risk of loss with respect to the Initial Purchased Inventory shall pass to Licensee upon delivery in accordance with Exhibit D. As used in this Agreement, "**PFP Book Value**" means, with respect to the Product as of the Effective Date, [information redacted].

(b) Retained Inventory; PFP Sell-Down Period. During the Transition Period, PFP shall have the right, in its own name and for its own account, to continue to commercialize the Retained Inventory in the Territory under its then-current label (the "**PFP Sell-Down Period**").

(c) Purchase of Remaining Retained Inventory. Upon expiry of the PFP Sell-Down Period, PFP shall notify Licensee in writing of the quantities of Retained Inventory then remaining in PFP's possession or control, and Licensee shall purchase, and PFP shall sell and deliver to Licensee, all such remaining Retained Inventory at the applicable PFP Book Value. Title to and risk of loss for such Retained Inventory shall pass to Licensee upon delivery in accordance with Exhibit D.

6. COMMERCIALIZATION.

6.1 PFP Sell Down Period. Notwithstanding Section 2.3.2, during the Transition Period, PFP shall have the right to commercialize the Retained Inventory in accordance with Section 5.3.2(b). Such right is expressly conditioned upon Licensor not selling Product in any calendar month in quantities exceeding [information redacted]. In the event Licensor wishes to exceed this quantity in any calendar month, the parties shall discuss such increase in good faith, and any such increase shall be subject to the prior written agreement of Licensee. Licensor shall provide Licensee with written monthly reports of sell-down quantities within fifteen (15) days after the end of each calendar month during the Transition Period. Except as expressly set forth in this Section 6.1, all rights to commercialize the Product in the Field in the Territory are reserved to Licensee as of the Effective Date.

6.2 Licensee shall, itself or through its Affiliates or Sublicensees, be responsible for the commercialization of the Product in the Field in the Territory at its expense in accordance with this Agreement and with all applicable Laws, as provided herein and shall use its Commercially Reasonable Efforts to commercialize to perform its obligations and to carry out its responsibilities under this Agreement with respect to the commercialization of the Product in the Field in the Territory if and when Registration of the Product is obtained on behalf of Licensee.

6.3 Subject to Section 6.1, Licensee shall have the right to determine the Trademarks used in connection with the promotion, marketing, and sale of Product in the Territory, and Licensee shall own all such Trademarks.

6.4 Licensee shall, at its own expense, have the right to create, develop, produce or otherwise obtain, and utilize promotional materials to support the commercialization of the Product in the Field in the Territory, it being specified that Licensor and/or its Affiliate PFP shall provide existing promotional materials to Licensee, which Licensee, its Affiliates and Sublicensees may adapt, in Licensee's reasonable discretion and subject to any Third Party copyright, for use with respect to the Product in the Territory.

6.5 Joint Commercial Committee. The Parties hereby establish a joint commercial committee (the "**JCC**") to coordinate the commercialization (including medical activities) of the Product in the Territory. The JCC shall consist of one (1) representative appointed by Licensor and one (1) representative appointed by Licensee. Additional representatives or consultants may attend JCC meetings upon mutual agreement of the Parties. Each Party shall bear its own costs and expenses associated with participation in the JCC. The JCC shall be chaired by Licensee's representative. The JCC shall meet as mutually agreed by the Parties, but no less frequently than once (1) per calendar year, and may meet in person or by teleconference, videoconference or similar means. The JCC shall automatically cease to exist, and no further meetings shall be required, upon the Term or earlier termination of this Agreement.

6.6 Licensor Assistance. At Licensee's reasonable request, Licensor or its Affiliate PFP shall provide such documents and instruments and take such other actions to facilitate Licensee's commercialization of Product hereunder in the Field in the Territory in accordance with the Transition Plan.

7. FINANCIAL TERMS.

7.1 Upfront Payment. Within three (3) days after the Effective Date, Licensee shall pay to Licensor an upfront fee of fourteen million dollars ($14,000,000) in partial consideration for the licenses granted hereunder. Payment made in accordance with this Section 7.1 shall be non-refundable, non-creditable and non-cancellable.

7.2 Royalties.

7.2.1 Subject to the terms and conditions of this Agreement, Licensee shall pay to Licensor a royalty of eight percent (8%) of Net Sales in the Territory during the Royalty Period by Licensee, [information redacted].

7.2.2 In the event that Product is sold by Licensee, its Sublicensees or its or their respective Affiliates in combination with one or more products which is itself not Product, then Net Sales of such combination shall be adjusted by multiplying the Net Sales of such combination by the fraction A/(A+B) where A is the fair market value of the Product(s) and B is the fair market value of the other product(s) in the combination sale, each as reasonably determined by Licensee.

7.2.3 If Licensee, its Sublicensees or its or their respective Affiliates is required to pay royalties to any Third Party in order to make, have made, use, sell, offer to sell or import Product, then Licensee shall have the right to credit fifty percent (50%) of such Third Party royalty payments against the royalties owing to Licensor under this Section 7.2.

7.2.4 If, during the Royalty Period, a Third-Party launches a Competitive Product in the Territory, the royalty rate payable on Net Sales of the Product shall be automatically reduced by fifty percent (50%), effective as of the date of such launch and continuing for the remainder of the Royalty Term.

7.2.5 Notwithstanding the foregoing, for each Calendar Year during the Term, Licensee shall pay to Licensor a minimum royalty (the "**Royalty Floor**") equal to fifty percent (50%) of the royalties that would otherwise be payable by Licensee for such Calendar Year pursuant to this Section 7.2, based on Net Sales in the Territory. If the royalties calculated under this Section 7.2 for any such Calendar Year are less than the Royalty Floor, Licensee shall pay the difference so that the total royalties paid for such Calendar Year equal the Royalty Floor.

7.3 Reports and Payments. Within forty-five (45) days after the end of each calendar quarter during the Royalty Period, Licensee shall deliver to Licensor a report(each, a "**Royalty Report**") setting out all details necessary to calculate the payments due under this Section 7.2 for such calendar quarter, including: (i) the gross sales of the Product (as defined in Section 1.29); (ii) all relevant deductions taken in accordance with Sections 1.30 (a) through (g); (iii) the resulting calculation of Net Sales; and (iv) the calculation of the payments due under this Agreement for Net Sales in such calendar quarter, [information redacted] and the application of the Royalty Floor. Licensee shall remit the total payments due during such calendar quarter at the time such report is made. Payment in whole or in part may be made in advance of such due date. Each Royalty Report shall be sufficiently detailed to permit Licensor to verify the accuracy of the calculations set forth therein.

7.4 Taxes.

7.4.1 Withholding Taxes. If applicable Laws require withholding by Licensee of any taxes imposed upon Licensor on account of any royalties or other payments paid under this Agreement, such taxes shall be deducted by Licensee as required by applicable Laws from such payment and shall be paid by Licensee to the proper taxing authorities. Official receipts of payment of any withholding tax shall be secured and sent to Licensor as evidence of such payment. The Parties shall exercise their reasonable efforts to ensure that any withholding taxes imposed are reduced as far as possible under the provisions of any applicable tax treaty and shall cooperate in filing any forms required for such reduction.

7.4.2 Sales Taxes. Any sales taxes (including any consumption tax or value added tax), use tax, transfer taxes, duties or similar governmental charges required to be paid in connection with any payments by Licensee to Licensor hereunder shall be the sole responsibility of Licensee. In the event that Licensor is required to pay any such amounts, Licensee shall promptly remit payment to Licensor of such amounts. In the event that Licensee is required to pay any such amounts, Licensor shall promptly remit payment to Licensee of such amounts.

7.5 Records. Licensee shall keep, and require its Affiliates and Sublicensees to keep, complete, true and accurate books of accounts and records for the purpose of determining the amounts payable to Licensor pursuant to this Agreement. Such books and records shall be kept for at least three (3) years following the end of the calendar quarter to which they pertain.

7.6 Audits.

7.6.1 Upon the written request of a party (the "**Auditing Party**") and not more than once in each Calendar Year, the other party shall permit an independent certified public accounting firm of nationally recognized standing selected by the Auditing Party and reasonably acceptable to the other party, at the Auditing Party's expense, to have access during normal business hours to such of the financial records of the other party as may be reasonably necessary to verify the accuracy of any invoices, reports, or other records of any amounts owed hereunder for the eight (8) calendar quarters immediately prior to the date of such request (other than records for which the Auditing Party has already conducted an audit under this Section).

7.6.2 If such accounting firm concludes that additional amounts were owed during the audited period, the other party shall pay such additional amounts within seventy-five (75) days after the date the Auditing Party delivers to the other party such accounting firm's written report so concluding. The fees charged by such accounting firm shall be paid by the Auditing Party; provided, however, to the extent the auditor determines an underpayment discrepancy greater than five percent (5%), then the other party shall pay the reasonable fees and expenses charged by such accounting firm.

7.6.3 The Auditing Party shall cause its accounting firm to retain all financial information subject to review under this Section 7.6 in strict confidence; provided, however, that the other party shall have the right to require that such accounting firm, prior to conducting such audit, enter into an appropriate and reasonable non-disclosure agreement with the other party regarding such financial information. The accounting firm shall disclose to the Auditing Party only whether the amounts are correct or not and the amount of any discrepancy. No other information shall be shared. The Auditing Party shall treat all such financial information as the other party's Confidential Information and shall not disclose such financial information to any Third Party or use it for any purpose other than as specified in this Section 7.6.

8. POST-EFFECTIVE DATE COVENANTS.

8.1 Preservation of Records. Licensor or its Affiliate PFP shall preserve and keep the records held by it relating to Product for a period of seven (7) years following the Effective Date (or longer if required by applicable Law) and shall make such records (or copies) and reasonably appropriate personnel available, at reasonable times and upon reasonable advance notice, to Licensee as may be reasonably required in connection with any insurance claims by or against, actions by or against, Tax audits against, governmental investigations of, or compliance with applicable Laws by, Licensee, in each case, at Licensee's sole cost and expense.

9. REPRESENTATIONS AND WARRANTIES.

9.1 By Each Party. Each party represents and warrants to the other party as follows, at the Effective Date:

9.1.1 Such party is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized.

9.1.2 Such party (a) has the requisite corporate power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder, and (b) has taken all necessary corporate action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

9.1.3 This Agreement has been duly executed and delivered on behalf of such party and constitutes a legal, valid, binding obligation, enforceable against such party in accordance with its terms.

9.1.4 All necessary consents, approvals and authorizations of all Governmental Entities and other Persons required to be obtained by such party in connection with the execution and delivery of this Agreement have been obtained.

9.1.5 The execution and delivery of this Agreement and the performance of such party's obligations hereunder (a) do not conflict with or violate any requirement of applicable Laws or regulations, and (b) do not conflict with, or constitute a default under, any contractual obligation of it.

9.1.6 Neither party, its Affiliates, its (sub)contractors, nor any of its or their officers, directors, employees or consultants, have been debarred by the FDA or other applicable governing health authority (or authorities), under any existing or prior Law or regulation.

9.1.7 Each Party is in compliance with all, and is not in violation of any, Law, ordinance, order, decree, rule or regulation of any Governmental Entity, the violation of or noncompliance with which could have a material adverse effect on the Product. No unresolved (a) charges of violations of Laws or regulations relating to each Party's business have been made or threatened; (b) proceedings or investigations relating to each Party's business are pending or have been threatened; and (c) citations or notices of deficiency have been issued or have been threatened, against each Party relating to or arising out of its business by any Governmental Entities that could have an effect on Product.

9.2 By Licensee. Licensee represents and warrants, throughout the Term, that it has and will maintain all required licenses, franchises, permits, concessions, exemptions, orders, certificates, registrations, re-registrations, applications, consents, approvals, qualifications or other similar authorizations and that it has complied and will comply with all directives issued by the applicable Governmental Entities, including all Registrations, that are required to commercialize the Product in the Territory.

9.3 By Licensor. Licensor represents, warrants and covenants to Licensee as follows, at the Effective Date:

9.3.1 Licensor has all required licenses, franchises, permits, concessions, exemptions, orders, certificates, registrations, re-registrations, applications, consents approvals, qualifications or other similar authorizations and has complied with all directives issued by applicable Governmental Entities, including all Registrations, to commercialize Product in the Territory

9.3.2 Licensor and/or its Affiliates Controls the Licensed IP Rights, and Licensor has the full right and authority to grant the rights and licenses as provided herein on its behalf or on behalf of its Affiliates.

9.3.3 The execution and delivery by Licensor of this Agreement, and the consummation of the transactions contemplated hereby, will not conflict with (a) any provision of the certificate of incorporation or bylaws of Licensor, each as amended to date; (b) contracts to which Licensor or any of its properties or assets (including intangible assets) is subject; or (c) any judgment, order, decree, statute, Law, ordinance, rule or regulation applicable to Licensor or any of its properties or assets (tangible and intangible). It is not necessary for Licensor to take any action or to obtain any approval, consent or release by or from any Third Party, governmental or other, to enable Licensor to enter into or perform its obligations under this Agreement or consummate the transactions contemplated hereby.

9.3.4 Schedule 9.3.4 sets forth a true, complete and accurate list of the inventory of Product therefor in the possession or control of PFP existing as of the Effective Date for use in the Territory.

9.3.5 Licensor and/or its Affiliate PFP has not introduced or sold Product in the Territory in a manner inconsistent with the actual demand of the market for Product (i.e., “channel stuffing” or “trade loading”).

9.3.6 Licensor has provided Licensee with a true and correct copy of each In-License (together with all amendments, addenda, modifications and restatements thereof) existing as of the Effective Date. The In-Licenses are in full force and effect in accordance with their terms. No consent is necessary from a Third-Party licensor under an In-License for Licensor to grant the rights and licenses purported to be granted in this Agreement. Other than the In-License, there is no agreement between Licensor or any of its Affiliates and any Third Party pursuant to which Licensor or any of its Affiliates obtains a license or sublicense or a covenant not to sue or similar grant of rights to any patents or other intellectual property rights of such Third Party necessary or useful for the development, manufacture, commercialization, or supply of the Product in the Territory.

9.3.7 There exist no breaches, defaults or events on the part of Licensor or, to Licensor’s knowledge, on the part of the Third-Party licensor, which would give rise to a breach, default or other right to terminate or modify any In-License.

9.3.8 Licensor has not transferred or granted, any other Person any license or other interest in the In-Licenses that is inconsistent with the rights and licenses granted to Licensee herein.

9.3.9 No information or materials provided by or on behalf of Licensor to Licensee including in the data room, when taken together as a whole, contain any untrue or misleading statement of a material fact or, to Licensor's knowledge, omit to state a material fact, in each case, that could have a material adverse impact on the Registrations, manufacturing and/or commercialization, in each case, for the Product in the Territory.

9.3.10 All Licensed Patent Rights, all Internet Domain Names, and all Hemangeol Trademark are listed on Schedule 9.3.10.

9.3.11 All Licensed IP Rights are currently in compliance with applicable legal requirements (including payment of filing, examination and maintenance fees and proofs of use), and to Licensor's knowledge, are not subject to any unpaid maintenance fees or Taxes or actions falling due within ninety (90) days after the Effective Date.

9.3.12 All of the Licensed Patent Rights and the Hemangeol Marks are valid, and enforceable. To the knowledge of Licensor, there are no facts that could give rise to any claim challenging the foregoing.

9.3.13 No Third Party has challenged or has threatened to challenge Licensor's ownership or license rights in, to or under the Product or the Technology, or the validity, enforceability, or claim construction of any of Licensed Patent Rights, nor, to the knowledge of Licensor, are there any facts which could give rise to any such challenge except as set forth on Schedule 9.3.13.

9.3.14 To the best of Licensor's knowledge, neither Product nor any use thereof infringes, misappropriates or otherwise violates the intellectual property rights of any Third Party.

9.3.15 [information redacted]

9.3.16 Except for the ANDA Litigations listed on Schedule 9.3.15, there are no other ANDA Litigations pending or, to Licensor's knowledge, threatened, and Licensor has not received any Paragraph IV Notice or other written communication that would reasonably be expected to give rise to a Paragraph IV Action or other ANDA Litigation.

9.3.17 [information redacted]

9.3.18 To Licensor's knowledge, there is no claim, action, suit, proceeding or investigation (or any counter or cross-claim in an action brought by or on behalf of Licensor or its Affiliate PFP), whether at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind, that is pending or, to Licensor's knowledge, threatened, against Licensor, which (a) could reasonably be expected to adversely affect Licensor's ability to perform its obligations under this Agreement or complete any of the transactions contemplated hereby; or (b) involves the possibility of any judgment or liability, or which may become a claim, against the Product, Licensee or its business.

9.3.19 Licensor and/or its Affiliate PFP have complied with all directives issued by applicable Governmental Entities, including all Registrations, to commercialize Product in the Territory. The Registrations for the Product are valid and in full force and effect, and none of the Registrations will be terminated as a result of the transactions contemplated by this Agreement. Licensor and/or its Affiliate PFP is in compliance with all requirements, conditions, and upkeep for all Registrations. There has not occurred any violation of, default (with or without notice or lapse of time or both) under, or event giving to others any right of termination, adverse modification, suspension, revocation, or cancellation of, with or without notice or lapse of time or both, any Registration, including any fee requirements.

9.3.20 As of the Effective Date, Licensor and/or its Affiliate PFP has not received any written communication from any Governmental Entity threatening to withdraw, materially adversely modify or suspend any Registration. All Regulatory Filings used in connection with any and all requests for a Registration, when submitted to the FDA or any other Governmental Entity, were true, correct, and complete as of the date of submission, and any updates, changes, corrections or modification with respect to such Registrations or Regulatory Filings, required under applicable Laws have been submitted to the FDA or other relevant Governmental Entity.

9.3.21 The Products are not and have not been adulterated or misbranded as defined by the Federal Food, Drug, and Cosmetic Act ("FDCA") of the United States and its implementing regulations, and complies and has complied with all Registrations, as well as applicable Law and policies and guidance documents (e.g., Guidance to Industry) issued by the FDA and any other Governmental Entity with respect to labeling, processing, storing, developing, manufacturing, packaging, distributing, marketing, advertising, promoting, and selling of the Products.

9.3.22 There have been no recalls, field corrections, market withdrawals, or suspensions conducted by or on behalf of Licensor concerning Product, whether voluntary or otherwise. There are no pending Actions seeking a recall, field correction, market withdrawal, or suspension of a Product or otherwise relating to the alleged lack of safety, efficacy, or regulatory compliance of a Product. There is not, and has not been, any notice of any adverse inspection, finding of deficiency, finding of non-compliance, 483 observation, Action, penalty, untitled letter, warning letter, seizure, import alert, injunction or other compliance or enforcement action from or by any Governmental Entity relating to a Product or any Product facility that is subject to the FDA's registration requirements under 21 C.F.R. Part 207, and that is owned (whether fully or partially), operated, or leased by Licensor. Licensor has provided true, correct and complete copies of all applications, approvals, written notices of inspectional observations, establishment inspection reports, and any other material correspondence received from any Governmental Entity, including the FDA, with respect to a Product, including any correspondence that imposes any obligation on Licensor with respect to post-marketing clinical studies for a Product or that allege, indicate, imply, or suggest lack of compliance with a Permit or regulatory requirement of the FDA or any other Governmental Entity.

9.3.23 Licensor and/or its Affiliate PFP has not received any claim, complaint, or communication, whether written or oral (a) alleging that a Product failed to meet its specifications set forth in applicable Registration, or (b) alleging that a Product received by such Person was of poor or substandard quality or incomplete upon receipt.

9.3.24 Licensor has not retained or used the services of an agent, finder, or broker in connection with the transactions contemplated by this Agreement.

9.3.25 [information redacted]

9.4 Certain rights and obligations of Licensor and/its Affiliate PFP

9.4.1 Licensor promptly shall provide Licensee with copies of all material notices and other deliveries received under the In-Licenses in relation with or that could affect the Territory. Licensor shall not (and shall take no action or make no omission to) modify or waive any substantive provision of any In-License that could adversely affect Licensee's rights under this Agreement or to terminate or have terminated any In-License. Notwithstanding the preceding sentence, Licensor shall have the right to do any of the foregoing with Licensee's prior consent in writing to the same, which consent may be withheld in Licensee's sole discretion.

9.4.2 Licensor shall timely pay in full all amounts required to be paid by Licensor and timely perform in full all obligations required to be performed by Licensor, under all In-Licenses.

9.4.3 If any In-License is terminated for any reason, Licensor shall use Commercially Reasonable Efforts to cause to be granted a direct license under the Licensed IP Rights to Licensee containing terms and conditions no less favorable to Licensee than the payment terms of such In-License.

9.4.4 Licensor shall not transfer or grant, to any other Person any license or other interest in the In-Licenses that is inconsistent with the rights and licenses granted to Licensee herein.

9.4.5 Neither Licensor nor any of its Affiliates shall transfer, convey or assign any of the Licensed IP Rights to any Person with respect to the Territory unless such Person agrees in writing to the applicable terms and conditions of this Agreement, and Licensor shall promptly notify Licensee in writing of any transfer, conveyance or assignment of any of the Licensed IP Rights.

9.4.6 All Product supplied by Licensor shall be manufactured, stored and supplied in accordance with, and otherwise perform its obligations hereunder in accordance with, all applicable Laws (including cGMP and all applicable FDA or other regulatory authority requirements), the Quality Agreement, this Agreement (in particular Exhibit D "Key Supply Terms") and generally accepted professional standards. All Product supplied by Licensor shall meet all Specifications. Upon delivery of Product, the Product shall be in conformity with applicable Law and the Quality Agreement, and shall not be adulterated, misbranded, misused, contaminated, tampered with or otherwise altered, mishandled, or subjected to negligence. Title to all Products delivered hereunder shall pass to Licensee concurrently with risk of loss, free and clear of all liens, encumbrances and other adverse claims.

9.5 DISCLAIMER OF WARRANTIES. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN SECTION 9, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE TECHNOLOGY, THE PRODUCT OR ANY OTHER MATTER, INCLUDING ANY REPRESENTATION OR WARRANTY REGARDING MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT AND, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING AND EXCEPT AS OTHERWISE SET FORTH HEREIN, THE PRODUCT, THE LICENSED IP RIGHTS, THE REGULATORY FILINGS, THE REGISTRATIONS, THE TECHNOLOGY, THE VDR MATERIALS, AND ALL OTHER INFORMATION, DATA, MATERIALS AND DOCUMENTATION PROVIDED OR MADE AVAILABLE BY LICENSOR OR ANY OF ITS AFFILIATES TO LICENSEE PURSUANT TO THIS AGREEMENT ARE PROVIDED "AS IS," "WHERE IS," AND "WITH ALL FAULTS," AND LICENSOR EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING ANY WARRANTIES OF ACCURACY, COMPLETENESS OR USEFULNESS OF ANY SUCH INFORMATION, DATA, MATERIALS OR DOCUMENTATION.

10. INDEMNIFICATION AND INSURANCE.

10.1 Indemnification by Licensor. Licensor shall indemnify, defend and hold harmless Licensee, its Affiliates, and its and their respective officers, directors, shareholders, employees, agents and representatives (collectively "Licensee Indemnitees") from any and all losses, liabilities, damages and expenses, including reasonable attorneys' fees and costs (collectively, "Losses") arising from any Action by a Third Party (each, a "Claim"), to the extent arising out of or caused by: (a) the gross negligence or willful misconduct of Licensor, its Affiliates or its or their respective agents; (b) any breach of any representation, warranty or covenant of this Agreement or the Quality Agreement by Licensor; (c) Licensor's failure to fully comply with all applicable Laws; (d) the development, manufacture, marketing, promotion, distribution, use, or sale of the Product by or on behalf of Licensor, whether before or after the Effective Date, or any liability or obligation whatsoever of Licensor, including any Paragraph IV Action or ANDA Litigation or related to any Government Pricing Obligations; or (e) the actual or alleged infringement, misappropriation or other violation of any intellectual property rights of a Third Party by the manufacture of Product hereunder or the use of Licensor's Trademarks hereunder.

10.2 Indemnification by Licensee. Licensee shall indemnify, defend and hold harmless PF, its Affiliates, and its and their respective officers, directors, shareholders, employees, agents and representatives (collectively "Licensor Indemnitees") from any and all Losses arising from any Claim, to the extent arising out of or caused by (a) the gross negligence or willful misconduct of Licensee, its Affiliates or its or their respective agents; (b) any breach of any representation, warranty or covenant of this Agreement or the Quality Agreement by Licensee; (c) Licensee's failure to fully comply with all applicable Laws; (d) the manufacture, marketing, promotion, distribution, use, or sale of the Product by or on behalf of Licensee after the Transition Period; or (e) the actual or alleged infringement, misappropriation or other violation of any intellectual property rights of a Third Party by the use of the Licensee Trademarks in accordance with the terms of this Agreement.

10.3 Procedure. A party seeking indemnification (the "Indemnitee") shall promptly notify the other party (the "Indemnifying Party") in writing of a Claim; provided that an Indemnitee's failure to give such notice or delay in giving such notice shall not affect such Indemnitee's right to indemnification under this Section 10 except to the extent that the Indemnifying Party has been prejudiced by such failure or delay. The Indemnifying Party shall have the right to control the defense of all indemnification claims hereunder. The Indemnitee shall have the right to participate at its own expense in the Claim with counsel of its own choosing. The Indemnifying Party shall consult with the Indemnitee in good faith with respect to all non-privileged aspects of the defense strategy. The Indemnitee shall cooperate with the Indemnifying Party as reasonably requested at the Indemnifying Party's sole cost and expense. The Indemnifying Party shall not settle or otherwise consent to an adverse judgment in any such Claim that diminishes the rights or interests of the Indemnitee without the prior express written consent of the Indemnitee, which consent shall not be unreasonably withheld or delayed.

10.4 Disclaimer of Liability. IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATES, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, OR EMPLOYEES, BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE.

NOTWITHSTANDING THE FOREGOING, THIS SECTION 10.4 SHALL NOT APPLY TO (A) A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS, (B) A PARTY'S INDEMNIFICATION OBLIGATIONS FOR THIRD-PARTY CLAIMS UNDER SECTIONS 10.1 AND 10.2, (C) LICENSOR'S BREACH OF SECTION 2.4, OR (D) DAMAGES ARISING FROM A PARTY'S WILLFUL MISCONDUCT OR FRAUD.

10.5 Insurance. Each party shall maintain insurance, including product liability insurance, with respect to its activities under this Agreement in such amount as such party customarily maintains with respect to similar activities, but not less than such amount as is reasonable and customary in the industry. Each party shall maintain such insurance for so long as it continues its activities under this Agreement, and thereafter for so long as such party customarily maintains insurance for itself covering similar activities.

11. CONFIDENTIALITY.

11.1 Confidentiality. During the Term and for a period of five (5) years following the expiration or earlier termination hereof, each party shall maintain in confidence the Confidential Information of the other party, shall not use or grant the use of the Confidential Information of the other party except as expressly permitted hereby, and shall not disclose the Confidential Information of the other party except on a need-to-know basis to such party's (sub)licensees, suppliers, contract manufacturers, directors, officers, employees and consultants, ("**Representatives**") to the extent such disclosure is reasonably necessary in connection with such party's activities as expressly authorized by this Agreement. To the extent that disclosure to any Person is authorized by this Agreement, prior to disclosure, a party shall obtain written agreement of such Person to hold in confidence and not disclose, use or grant the use of the Confidential Information of the other party except as expressly permitted under this Agreement. Each party shall notify the other party promptly upon discovery of any unauthorized use or disclosure of the other party's Confidential Information.

11.2 Permitted Disclosures. The confidentiality obligations contained in this Section 11 shall not apply to the extent that a party is required (a) in the reasonable opinion of such party's legal counsel, to disclose information by applicable Law, regulation, rule (including rule of a stock exchange or automated quotation system), order of a Governmental Entity or a court of competent jurisdiction or legal process, including Taxing Authorities, or (b) to disclose information to any Governmental Entity for purposes of obtaining approval to test or market a product.

11.3 Ownership of Confidential Information. All Confidential Information which either Party or any of its Representatives shall obtain or to which either Party or any such Representative shall be given access pursuant to or in connection with this Agreement, shall be and remain the sole property of the disclosing Party, and the receiving Party shall have no rights or interests (except as expressly provided herein) to or in such Confidential Information.

11.4 Return or Destruction of Confidential Information. Immediately upon the expiration or earlier termination of this Agreement, the receiving Party shall, at the other Party's option, return to the disclosing Party, or provide a certificate of one of its Executive Officers as to the destruction of all Confidential Information (including all copies thereof) then in the possession of the receiving Party or any of its Representatives. Each Party may retain one (1) archival copy of such Confidential Information, which Confidential Information shall be subject to the confidentiality obligations set forth in this section 11.

11.5 Data Protection. Each Party shall comply with their respective obligations under applicable Data Protection Laws. Where one Party discloses personal data to the respective other Party, the disclosing Party is responsible to ensure meeting all conditions that are legally required to allow this disclosure for purposes of this Agreement (including medical and diagnostic research and development purposes). If such disclosure may include transfer of personal data from the European Economic Area (EEA) to a non-adequate country as defined by the General Data Protection Regulation 2016/679 (GDPR) such a transfer will require the prior conclusion of a specific agreement between the Parties, which they expressly accept, providing for the implementation of the most appropriate transfer mechanism in order to comply with the provisions of the GDPR related to export of personal data outside EEA. Additionally, this disclosure may include, e.g., ensuring that respective Data Subjects have given and not withdrawn their consents, or anonymizing or de-identifying the human personal data prior to disclosure.

12. INTELLECTUAL PROPERTY.

12.1 Licensed Patents. Licensee acknowledges that the Licensed Patent Rights are licensed to Licensor under an In-License pursuant to which the applicable Third-Party licensor retains primary responsibility and control over the filing, prosecution and maintenance of the Licensed Patents Rights and that Licensor does not control such activities except to the limited extent expressly provided under the In-License.

12.2 Enforcement and Defense.

12.2.1 Each shall promptly notify the other party of any substantial and continuing infringement known to such party of any Licensed IP Rights and shall provide the other party with the available evidence, if any, of such infringement.

12.2.2 Licensor shall have the sole right, at its expense, to enforce the Licensed IP Rights. Licensor shall consider in good faith the interests of Licensee in so doing. Licensee shall assist Licensor, upon request and at Licensor's sole expense, in connection therewith.

12.2.3 With respect to any Action to enforce the Licensed IP Rights to abate any infringement thereof, all monies recovered upon the final judgment or settlement of any such Action shall be applied as follows: (a) first, to reimburse the costs and expenses (including reasonable attorneys' fees and costs) of Licensee and Licensor; and (b) second, to the party prosecuting such Action.

12.3 Right of Licensee. Notwithstanding Sections 12.1 and 12.2, in the event that (i) Licensor and the applicable third-party licensor under the In-License fail to take commercially reasonable steps to maintain, prosecute, or defend any Licensed Patent or to enforce the applicable Licensed IP Rights against a substantial and continuing infringement, and (ii) such failure is reasonably expected to have a material adverse effect on Licensee's rights or the exploitation of the Licensed IP Rights, then, subject to the terms of the applicable In-License and upon not less than thirty (30) days' prior written notice to Licensor, Licensee shall have the right, but not the obligation, to step in solely to the extent necessary to maintain, prosecute, defend, or enforce such Licensed Patent Right or Licensed IP Rights, at Licensee's own expense. Any such action by Licensee shall be conducted in a manner reasonably consistent with Licensor's and the third-party licensor's legitimate interests, and subject to compliance with the applicable In-License. Licensor shall reasonably cooperate with Licensee in connection with any such step-in action, at Licensee's expense.

12.4 [information redacted]

12.4.1 [information redacted]

12.4.2 [information redacted]

12.4.3 [information redacted]

12.4.4 [information redacted]

12.4.5 [information redacted]

12.5 [information redacted]

13. TERM AND TERMINATION.

13.1 Term. The Agreement commences on the Effective Date and continues until the end of the Royalty Period, unless earlier terminated under Section 13.2 (the "**Term**").

13.2 Termination.

13.2.1 Termination for Material Breach. Either Party shall have the right to terminate this Agreement in the event the other Party has materially breached or defaulted in the performance of any of its material obligations hereunder, and such default has continued for ninety (90) calendar days after written notice thereof was provided to the breaching Party by the non-breaching Party. Any such termination shall become effective at the end of such ninety (90) calendar day period unless the breaching Party has cured any such breach or default prior to the expiration of the ninety (90) calendar day period.

13.2.2 Termination for Bankruptcy. To the extent permitted by applicable Law, either Party may terminate this Agreement upon written notice to the other Party if such other Party: (a) is adjudicated insolvent or bankrupt by a court of competent jurisdiction; (b) files, or has filed against it, a voluntary or involuntary petition under any bankruptcy, insolvency, or similar Law, which petition is not dismissed within ninety (90) days after such filing; (c) makes an assignment for the benefit of creditors or seeks protection under any composition or similar proceeding; or (d) has a receiver, trustee, or similar custodian appointed for substantially all of its assets, or has substantially all of its assets seized, levied upon, or attached, and such appointment, seizure, levy, or attachment is not vacated or released within ninety (90) days thereafter.

13.3 Effect of Termination or Expiration.

13.3.1 Termination or expiration of this Agreement shall be without prejudice to any rights which shall have accrued to the benefit of any party prior to such termination or expiration. Without limiting the foregoing and upon any termination or expiration of this Agreement, (a) Sections 4.2 "*Pharmacovigilance*", 7 "*Financial Terms*" (solely for Net Sales occurring during the Royalty Period), Sections 9.5 "*Disclaimer of Warranties*", 10 "*Indemnification and Insurance*", 11 "*Confidentiality*", 13.3 "*Effect of Termination or Expiration*" and 14 "*Miscellaneous*" shall survive and (b) Licensee shall have the right to sell off any existing inventory of Product on the terms of this Agreement.

13.3.2 Upon expiration of this Agreement or termination by Licensee pursuant to Sections 13.2.1 or 13.2.2:

(a) Licensee shall retain sole ownership of NDA for the Product;

(b) all rights and licenses upon the Licensed IP Rights granted to Licensee hereunder will become fully paid-up, royalty-free, irrevocable, and perpetual.

(c) Sections 2 ('*Licenses*')., 4.2 ("*Pharmacovigilance*"), 4.3 ("*Recall*"), and 8.1 ("*Preservation of Records*") and section 12.5 "*Hemangeol Trademark*", will additionally survive.

14. MISCELLANEOUS.

14.1 Relationship of Parties. The relationship between the Parties, with respect to this Agreement, is only that of independent contractors notwithstanding any activities set forth in this Agreement. Neither party is the agent or legal representative of the other party, and neither party has the right or authority to bind the other party in any way. This Agreement creates no relationship as partners or a joint venture, and creates no pooling arrangement.

14.2 Governing Law and Resolution of Disputes.

14.2.1 Escalation; Good Faith Negotiations . The Parties recognize that a dispute arising out of or in connection with this Agreement (a "**Dispute**") may from time to time arise during the Term of this Agreement. Any such Dispute that cannot be resolved by the Parties through good faith negotiations shall be referred, by written notice from either Party to the other, to the senior executives of the Parties (or their respective designees) for resolution. The senior executives (or their respective designees) shall negotiate in good faith to resolve such Dispute promptly following receipt of such written notice. If the senior executives (or their respective designees) are unable to resolve the Dispute within forty-five (45) days after receipt of such written notice, or if either Party determines in good faith that the Dispute is not likely to be resolved through such negotiations, then the provisions of Section 14.2.2 shall apply. If the Parties resolve any Dispute pursuant to this Section 14.2.1, a memorandum setting forth the agreed resolution shall be prepared and, upon request of either Party, executed by both Parties.

14.2.2 This Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to its conflict of laws principles. The United Nations Convention on Contracts for the International Sale of Goods is expressly excluded.

14.2.3 Any and all disputes or claims arising from or out of this Agreement shall be litigated exclusively before a court of the State of New York. Each party hereby irrevocably and unconditionally consents to the exclusive personal jurisdiction and service of, and venue of, any such court, and further irrevocably and unconditionally waives and agrees not to plead or claim that any action, lawsuit or proceeding brought in any such court has been brought in an inconvenient forum. Any judgment issued by such a court may be enforced in any court having jurisdiction.

14.3 Assignment. Neither party shall assign its rights or obligations under this Agreement without the prior written consent of the other party, which shall not be unreasonably withheld or delayed; provided, however, that a party may, without such consent, assign this Agreement and its rights and obligations hereunder (a) to any Affiliate, or (b) in connection with the transfer or sale of all or substantially all of its business to which this Agreement relates, or in the event of its merger, consolidation, change in control or similar transaction. Any permitted assignee shall assume all obligations of its assignor under this Agreement. Any purported assignment in violation of this Section 14.3 shall be void.

14.4 Counterparts. This Agreement may be executed in several counterparts that together shall be originals and constitute one and the same instrument.

14.5 Waiver. The failure of any party to enforce any of its rights hereunder or at law shall not be deemed a waiver of any of its rights or remedies against another party, unless such waiver is in writing and signed by the party to be charged. No such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature or any other breach or default by such other party. All rights and remedies conferred herein shall be cumulative and in addition to all of the rights and remedies available to each party at law, equity or otherwise.

14.6 Severability. If any clause or provision of this Agreement is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable under present or future Laws effective during the term of this Agreement, then and in that event, the remainder of this Agreement shall not be affected thereby, and in lieu of each such clause or provision, there shall be added as a part of this Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

14.7 Notices. Any consent, notice or report required or permitted to be given or made under this Agreement by a party to the other party shall be in writing, delivered by any lawful means to such other party at its address indicated below, or to such other address as the addressee shall have last furnished in writing to the addressor and (except as otherwise provided in this Agreement) shall be effective upon receipt by the addressee.

If to Licensor: Pierre Fabre Médicament.
Les Cauquillous
81500 Lavaur, France
Attention: President

If to PFP: Pierre Fabre Pharmaceuticals
Suite 701B, 500 Plaza Drive,
Secaucus, NJ 07094
Attention : Chief Executive Officer

If to Licensee: Eton Pharmaceuticals, Inc.
21925 Field Pkwy, Suite 235
Deer Park, Illinois 60010
Attention: Chief Executive Officer

14.8 Further Assurances. The parties agree to execute such additional documents and perform such acts as are reasonably necessary to effectuate the intent of this Agreement.

14.9 Entire Agreement. This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof, and supersedes all prior or contemporaneous understandings or agreements regarding the subject matter hereof, whether oral or written. This Agreement shall be modified or amended only by a writing specifically referring to this Agreement signed by both Licensee and Licensor.

14.10 Headings and Construction. No rule of construction shall be applied to the disadvantage of a party because that party was responsible for the preparation of this Agreement or any part of this Agreement. The Article and Section headings in this Agreement are for convenient reference only and shall be given no substantive or interpretive effect. With respect to all terms used in this Agreement, words used in the singular include the plural and words used in the plural include the singular. The word ‘including’ means including without limitation, and the words ‘herein,’ ‘hereby,’ ‘hereto’ and ‘hereunder’ refer to this Agreement as a whole. Unless the context otherwise requires, references found in this Agreement: (a) to Articles and Sections mean the Articles and Sections of this Agreement, as amended, supplemented and modified from time to time; (b) to an agreement, instrument or other document means such agreement; (c) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time, to the extent provided by the provisions thereof and by this Agreement; and (d) to a statute or a regulation mean such statute or regulation as amended from time to time.

14.11 Drug Supply Chain Security Act.

14.11.1 Capitalized terms used in this Section 14.11 and not otherwise defined in this Agreement shall have the meanings set forth in the Drug Supply Chain Security Act of 2013, 21 U.S.C. Section 360eee, et seq., and the rules, regulations and guidance thereunder, all as amended from time to time (collectively, the "DSCSA").

14.11.2 Each party shall comply with all provisions of the DSCSA applicable to such party. Upon any amendment of the DSCSA or the issuance of rules, regulation or guidance thereunder, the parties shall reasonably cooperate with each other to amend this Agreement, as necessary, in order to permit each party to comply with its obligations pursuant to the DSCSA.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, each party has caused its duly authorized representative to execute this Agreement as of the Effective Date.

PIERRE FABRE MEDICAMENT.

Signé par :
Marie Andrée GAMACHE

By: _____
Name: Marie Andrée GAMACHE
Title: President
27-févr.-2026 | 09:33:06 CET

PIERRE FABRE PHARMACEUTICALS.

DocuSigned by:
Herrera Adriana

By: _____
Name: Herrera Adriana
Title: CEO
27-Feb-2026 | 14:44:49 CET

ETON PHARMACEUTICALS, INC.

Signed by:
Sean Brynjelsen

By: _____
Name: Sean Brynjelsen
Title: CEO
27-Feb-2026 | 14:53:49 CET

EXHIBIT A [information redacted]

EXHIBIT B [information redacted]

EXHIBIT C [information redacted]

EXHIBIT D – [information redacted]

EXHIBIT E – [information redacted]

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sean E. Brynjelsen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eton 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.

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: May 14, 2026

By: */s/ Sean E. Brynjelsen*
Sean E. Brynjelsen
Principal Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James R. Gruber, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eton 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.

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: May 14, 2026

By: */s/ James R. Gruber*
James R. Gruber
Principal Financial and Accounting Officer

Exhibit 32.1

ETON PHARMACEUTICALS, INC.
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
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), Sean E. Brynjelsen, President and Chief Executive Officer of Eton Pharmaceuticals, Inc. (the "Company"), and James R. Gruber, 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 March 31, 2026, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Periodic 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 14 day of May, 2026.

/s/ Sean E. Brynjelsen
Sean E. Brynjelsen
President and Chief Executive Officer
(*Principal Executive Officer*)

/s/ James R. Gruber
James R. Gruber
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 the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.