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

FORM 8-K

CURRENT REPORT

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

March 26, 2020
Date of Report (Date of earliest event reported)

ETON PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	001-38738	37-1858472
(State of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

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

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

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

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

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

Emerging growth company [X]

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. [X]

Item 1.01 Entry into a Material Definitive Agreement.

On March 26, 2020, Eton Pharmaceuticals, Inc. ("Eton" or the "Company") entered into a Securities Purchase Agreement ("Purchase Agreement 1") with Opaleye L.P., a Delaware limited partnership ("Opaleye") pursuant to which Opaleye sold 2,000,000 shares of Eton Common Stock, par value $0.001 per share ("Common Stock") for a purchase price of $3.00 per share or an aggregate of $6,000,000.

Purchase Agreement 1 also includes customary representations, warranties and covenants by the parties, including, but not limited to, representations by Eton related to its business and its authority to enter into the agreement and by Opaleye related to its accredited investor status. The 2,000,000 shares of Common Stock issued to Opaleye constitute approximately 10.1% of the number of shares of the issued and outstanding Common Stock of Eton after giving effect to the issuance.

Also on March 26, 2020, the Company entered into a Purchase Agreement ("Purchase Agreement 2") with certain investors to issue a total of 600,000 shares of Common Stock also at a purchase price of $3.00 per share or an aggregate of $1,800,000.

Purchase Agreement 2 also includes customary representations, warranties and covenants by the parties, including, but not limited to, representations by Eton related to its business and its authority to enter into the agreement. The Common Stock to be issued under Purchase Agreement 2 will be registered under the Company's existing shelf registration statement on Form S-3 declared effective by the Securities and Exchange Commission December 16, 2019. The 600,000 shares of Common Stock to be issued pursuant to Purchase Agreement 2 will, when issued, constitute approximately 2.9% of the issued and outstanding Common Stock after giving effect to the issuance (and including the issuance of the 2,000,000 shares of Common Stock under Purchase Agreement 1). The Company expects that Purchase Agreement 2 will close and the 600,000 shares will be issued on or about March 31, 2020.

A copy of the opinion of Croke Fairchild Morgan & Beres LLC relating to the legality of the issuance of the securities being offered under Purchase Agreement 2 is attached as Exhibit 5.1 hereto.

Also on March 26, 2020, the Company entered into an amendment (the "Amendment") of its Credit Agreement (the "Credit Agreement") with SWK Funding LLC dated November 13, 2019. The Amendment modified certain provisions of the Credit Agreement to allow the Company to make an additional draw of up to $2,000,000 by deleting one of the conditions precedent to making additional draws.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in the first two paragraphs of Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02.

The issuance of the shares of Common Stock pursuant to Purchase Agreement 1 is exempt from registration under the Securities Act of 1933, as amended (the "Act"), in reliance on exemptions from the registration requirements of the Act in transactions not involved in a public offering pursuant to Section 4(a)(2) of the Act and Rule 506(b) of Regulation D, as promulgated by the SEC thereunder.

Item 8.01 Other Events.

On March 27, 2020, the Company issued a press release announcing acquisition of U.S. Marketing rights to Pediatric Orphan Drug Alkindi ® Sprinkle and entry into Purchase Agreement 1 and Purchase Agreement 2. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

(d)Exhibits

Exhibit No.	Description
5.1	Opinion of Croke Fairchild Morgan & Beres LLC.
10.1	Securities Purchase Agreement dated March 26, 2020 by and between the Company and Opaleye L.P.
10.2	Purchase Agreement dated March 26, 2020 by and among the Company and Certain Investors
10.3	First Amendment to Credit Agreement dated as of March 26, 2020 by and between the Company and SWK Funding LLC, as Agent.
23.1	Consent of Croke Fairchild Morgan & Beres LLC (contained in Exhibit 5.1 above).
99.1	March 27, 2020, Press Release

SIGNATURES

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

Date: March 27, 2020

By: */s/ W. Wilson Troutman*

W. Wilson Troutman
Chief Financial Officer and Secretary
(Principal Financial Officer)

Exhibit 5.1

Croke Fairchild Morgan & Beres LLC
180 N LaSalle St, Ste 2750
Chicago, IL 60601

March 27, 2020

Eton Pharmaceuticals, Inc.
21925 W. Field Parkway, Suite 235
Deer Park, IL 60010-7208
Attn: Board of Directors

Gentlemen:

We have acted as counsel to Eton Pharmaceuticals, Inc., a Delaware corporation (the "***Company***"), in connection with the offering of an aggregate of 600,000 shares of the Company's common stock, $0.001 par value per share (the "***Shares***"), pursuant to the Purchase Agreement dated March 27, 2020 (the "***Purchase Agreement***"), by and among the Company and each investor identified on the signature pages thereto. The Common Stock is registered and to be issued pursuant to the Registration Statement on Form S-3 (File No. 333-235329), originally filed with the U.S. Securities and Exchange Commission (the "***Commission***") under the Securities Act of 1933, as amended (the "***Securities Act***"), on December 2, 2019 and declared effective on December 16, 2019 (the "***Registration Statement***"), and the related Prospectus (as defined below). The Registration Statement and the prospectus included therein, including the documents incorporated by reference therein, are referred to herein as the "Base Prospectus." The final prospectus supplement, dated March 27, 2020, to be filed with the Commission pursuant to Rule 424(b)(5) under the Securities Act, is referred to herein as the "***Final Prospectus Supplement***". The Base Prospectus and the Final Prospectus Supplement are collectively referred to as the "***Prospectus***".

In rendering this opinion, we have examined the Registration Statement, the Prospectus, and such other documents and reviewed such questions of law as we have deemed advisable in order to render our opinion set forth below. In such examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, that all parties (other than the Company) had the requisite power and authority (corporate or otherwise) to execute, deliver and perform such agreements or instruments, that all such agreements or instruments have been duly authorized by all requisite action (corporate or otherwise), executed and delivered by such parties, that such agreements or instruments are valid, binding and enforceable obligations of such parties, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. In providing this opinion, we have further relied as to certain matters on information obtained from public officials and officers of the Company.

As a result of and subject to the foregoing, we are of the opinion that the Shares have been duly authorized for issuance, and upon the issuance and delivery of the Shares against payment of the consideration therefor, the Shares will be validly issued, fully paid and non-assessable.

Our opinion expressed above is limited to the General Corporation Laws of the State of Delaware, as currently in effect, and we express no opinion as to the effect on the matters covered by this letter of the laws of any other jurisdiction.

This opinion letter is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters relating to the Company, the Shares, the Registration Statement or the Prospectus.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to being named under the caption "Legal Matters" contained in the Prospectus. In giving this consent, we do not hereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ *Croke Fairchild Morgan & Beres LLC*

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement") is made and entered into as of March 26, 2020 by and between Eton Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Opaleye, L.P. ("Purchaser").

Preliminary Statement

Purchaser desires to purchase, and the Company desires to offer and sell to Purchaser, 2,000,000 shares of its Common Stock ("Common Stock"), par value $0.001 per share (the "Securities").

Agreement

The parties, intending to be legally bound, agree as follows:

ARTICLE 1
SALE OF SECURITIES

The total purchase price payable by Purchaser for the Securities shall be $6,000,000 or $3.00/share (the "Purchase Price").

ARTICLE 2
CLOSING; DELIVERY

2.1. Closing. The closing ("Closing") of the purchase and sale of the Securities to Purchaser hereunder shall be held at the offices of Croke Fairchild Morgan & Beres LLC ("CFMB"), 180 N. La Salle Street, Chicago, Illinois 60601 within one business day following the date on which the last of the conditions set forth in Article 6 hereof have been satisfied or waived in accordance with this Agreement (such date, the "Closing Date"), or at such other time and place as the Company and Purchaser mutually agree upon.

2.2. Delivery of Stock Certificate. Promptly following the Closing, the Company shall execute and deliver to Purchaser a certificate representing the Securities. The parties understand and acknowledge that the Company's transfer agent has disclosed that its ability to process requests for stock certificates has been affected by COVID-19, and the parties agree to work with the transfer agent to have the certificate prepared and delivered as promptly as practicable.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents, warrants and covenants to Purchaser as follows:

3.1. Organization and Standing. The Company is duly incorporated, validly existing, and in good standing under the laws of the jurisdiction of its organization. The Company and has all requisite power and authority to own and operate its respective properties and assets and to carry on its respective business as presently conducted and as proposed to be conducted. The Company

is qualified to do business as a foreign entity in every jurisdiction in which the failure to be so qualified would have, or would reasonably be expected to have, a material adverse effect on the Company (a "Material Adverse Effect").

3.2. Power. The Company has all requisite power to execute and deliver this Agreement, to sell and issue the Securities hereunder, and to carry out and perform its obligations under the terms of this Agreement.

3.3. Authorization. The execution, delivery, and performance of this Agreement by the Company has been duly authorized by all requisite action on the part of the Company and constitutes the legal, valid, and binding obligations of the Company enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.4. The Securities. The Securities have been duly authorized by the Company and, when duly executed and delivered and paid for as provided herein, will be duly and validly issued, fully paid and nonassessable.

3.5. No Registration. Assuming the accuracy of each of the representations and warranties of Purchaser herein, the issuance by the Company of the Securities is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act").

3.6. Reporting Status. The Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and has, in a timely manner, filed all documents and reports that the Company is required to file pursuant to the Exchange Act (the "SEC Documents"). The SEC Documents were, when filed, materially true and correct.

3.7. Listing Compliance. The Company is in compliance with the requirements of the NASDAQ Global Market for continued listing of the Common Stock thereon and has no knowledge of any facts or circumstances that could reasonably lead to delisting of its Common Stock from the NASDAQ Global Market. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or the listing of the Common Stock on the NASDAQ Global Market, nor has the Company received any notification that the SEC or the NASDAQ Global Market is contemplating terminating such registration or listing.

3.8. Financial Statements. The financial statements of the Company and the related notes thereto included in the SEC Documents (the "Financial Statements") comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing and present fairly, in all material respects, the financial position of the Company as of the dates indicated and the results of its operations and cash flows for the periods therein specified subject, in the case of unaudited statements, to normal year-end audit adjustments. Except as set forth in such Financial Statements (or the notes thereto), such Financial Statements (including the related notes) have been prepared in accordance with U.S. generally accepted accounting principles applied on a consistent basis throughout the periods therein specified ("GAAP").

3.9. No General Solicitation. The Company has not offered nor sold any of the Securities by any form of general solicitation or general advertising.

3.10. No Brokers' Fees. The Company has not incurred any liability for any finder's or broker's fee or agent's commission in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents, warrants and covenants to the Company as follows:

4.1. Organization. Purchaser is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization.

4.2. Power. Purchaser has all requisite power to execute and deliver this Agreement and to carry out and perform its obligations under the terms of this Agreement.

4.3. Authorization. The execution, delivery, and performance of this Agreement by Purchaser has been duly authorized by all requisite action, and this Agreement constitutes the legal, valid, and binding obligation of Purchaser enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

4.4. Consents and Approvals. Purchaser need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

4.5. Non-Contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will violate in any material respect any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Purchaser is subject. No approval, waiver, or consent by Purchaser under any instrument, contract, or agreement to which Purchaser or any of its affiliates is a party is necessary to consummate the transactions contemplated hereby.

4.6. Accredited Investor; Purchase for Investment Only. Purchaser is an Accredited Investor as that term is defined in Rule 501 under the Securities Act. Purchaser is purchasing the Securities for Purchaser's own account for investment purposes only and not with a view to, or for resale in connection with, any "distribution" in violation of the Securities Act. By executing this Agreement, Purchaser further represents that it does not have any contract, undertaking, agreement, or arrangement with any person to sell, transfer, or grant participation to such person or to any third person, with respect to any of the Securities.

4.7. Disclosure of Information. Purchaser has had an opportunity to review the Company's filings under the Securities Act and the Exchange Act (including risks factors set forth therein) and Purchaser represents that it has had an opportunity to ask questions and receive answers from the Company to evaluate the financial risk inherent in making an investment in the Securities.

4.8. Risk of Investment. Purchaser realizes that the purchase of the Securities will be a highly speculative investment and Purchaser may suffer a complete loss of its investment. Purchaser understands all of the risks related to the purchase of the Securities. By virtue of Purchaser's experience in evaluating and investing in private placement transactions of securities in companies similar to the Company, Purchaser is capable of evaluating the merits and risks of Purchaser's investment in the Company and has the capacity to protect Purchaser's own interests.

4.9. Advisors. Purchaser has reviewed with its own tax advisors the federal, state, and local tax consequences of this investment and the transactions contemplated by this Agreement. Purchaser acknowledges that it has had the opportunity to review the Transaction Agreements and the transactions contemplated thereby with Purchaser's own legal counsel.

4.10. Finder. Purchaser is not obligated and will not be obligated to pay any broker commission, finders' fee, success fee, or commission in connection with the transactions contemplated by this Agreement.

4.11. Restricted Securities. Purchaser understands that the Securities must be held indefinitely unless subsequently registered under the Securities Act or unless an exemption from registration is otherwise available. Purchaser is aware of Rule 144 promulgated under the Securities Act ("Rule 144") that permits limited resales of securities purchased in a private placement subject to the satisfaction of certain conditions.

4.12. Legend. It is understood by Purchaser that the Security and any other document representing or evidencing the Securities shall be endorsed with a legend substantially in the following form:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR SECURITIES LAWS OF ANY STATE AND MAY NOT BE OFFERED, SOLD, ASSIGNED, PLEDGED TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE ACT OR SUCH LAWS AND, IF REASONABLY REQUESTED BY THE COMPANY, UPON DELIVERY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT THE PROPOSED TRANSFER IS EXEMPT FROM THE ACT OR SUCH LAWS.

Subject to Section 7.3, the Company need not register a transfer of Securities unless the conditions specified in the foregoing legend are satisfied. Subject to Section 7.3, the Company may also instruct its transfer agent not to register the transfer of any of the Securities unless the conditions specified in the foregoing legend are satisfied.

4.13. Investor Qualification. Purchaser is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act ("Regulation D").

ARTICLE 5
CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING.

The Company's obligation to complete the sale and issuance of the Securities and deliver the Securities to each Purchaser, individually, at the Closing shall be subject to the following conditions to the extent not waived by the Company:

(a) Receipt of Payment. The Company shall have received payment, by wire transfer of immediately available funds, in the full amount of the Purchase Price delivered to CFMB as set forth in Section 2.1 hereof.

(b) Representations and Warranties. The representations and warranties made by Purchaser in Article 4 hereof shall be true and correct in all material respects as of, and as if made on, the date of this Agreement and as of the Closing.

ARTICLE 6
CONDITIONS TO PURCHASER'S OBLIGATIONS AT THE CLOSING

Each Purchaser's obligation to accept delivery of the Securities and to pay for the Securities shall be subject to the following conditions to the extent not waived by such Purchaser:

(a) Representations and Warranties. The representations and warranties made by the Company in Article 3 hereof shall be true and correct in all respects as of, and as if made on, the date of this Agreement and as of the Closing.

ARTICLE 7
OTHER AGREEMENTS OF THE PARTIES

7.1. Securities Laws Disclosure; Publicity. Promptly following the closing, the Company shall issue a press release reasonably acceptable to Purchaser disclosing all material terms of the transactions contemplated hereby and shall thereafter file a Current Report on Form 8-K as may be required by the Exchange Act relating to the transactions contemplated by this Agreement.

7.2. Form D. The Company shall timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to Purchaser (provided that the posting of the Form D on the SEC's EDGAR system shall be deemed delivery of the Form D for purposes of this Agreement).

7.3. Removal of Legend and Transfer Restrictions. The Company hereby covenants with Purchaser to promptly, and in no event later than three trading days following the delivery by Purchaser to the Company of the Securities (endorsed or with stock powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer), in connection with the transfer or sale of all or a portion of the Securities pursuant to (1) an effective registration statement that is effective at the time of such sale or transfer, (2) a transaction exempt from the registration requirements of the Securities Act in which the Company, if reasonably requested, receives an opinion of counsel reasonably satisfactory to the Company that the Securities are freely transferable and that the legend is no longer required on such Securities, or (3) an exemption from registration pursuant to Rule 144, deliver or cause the Company's transfer agent to deliver to the transferee of the Securities or to Purchaser, as applicable, a new Certificate representing such Securities that is free from all restrictive and other legends. The Company acknowledges that the

remedy at law for a breach of its obligations under this Section 7.3 may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 7.3 with respect to any Purchaser, Purchaser shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

7.4. Listing; SEC Compliance.

(a) Listing. At such time as the Securities become freely tradable pursuant to Rule 144, the Company shall promptly take any action required to maintain the listing of all of the Securities upon each national securities exchange and automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance) and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of the Securities from time to time issuable under the terms of the Securities.

(b) SEC Filings. The Company shall take all actions within its control to comply with the reporting requirements of the Exchange Act and each applicable national securities exchange and automated quotation system on which the Common Stock is listed.

(c) Current Information. The Company shall make and keep public information available, as those terms are understood and defined in SEC Rule 144 for so long as required in order to permit the resale of the Securities pursuant to SEC Rule 144.

ARTICLE 8
MISCELLANEOUS

8.1. Survival. The representations, warranties and covenants contained herein shall survive the execution and delivery of this Agreement and the sale of the Securities.

8.2. Indemnification. The Company agrees to indemnify and hold harmless Purchaser from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable attorney fees and disbursements and other expenses reasonably incurred in connection with investigating, preparing or defending any action, claim or proceeding, pending or threatened and the costs of enforcement thereof) (collectively, "Losses") to which such person or entity may become subject as a result of any breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company under this Agreement, and will reimburse any such person or entity for all such amounts as they are incurred by such person or entity.

8.3. Assignment; Successors and Assigns. This Agreement may not be assigned by either party without the prior written consent of the other party; provided, that this Agreement may be assigned by any Purchaser to the valid transferee of any security purchased hereunder. This Agreement and all provisions thereof shall be binding upon, inure to the benefit of, and are enforceable by the parties hereto and their respective successors and permitted assigns.

8.4. Notices. All notices, requests, and other communications hereunder shall be in writing and will be deemed to have been duly given and received (a) when personally delivered, (b) when

sent by facsimile upon confirmation of receipt, (c) one business day after the day on which the same has been delivered prepaid to a nationally recognized courier service, or (d) five business days after the deposit in the United States mail, registered or certified, return receipt requested, postage prepaid, in each case addressed to: Eton Pharmaceuticals, Inc., 21925 W. Field Parkway, Suite 235, Deer Park, IL 60010, Attn: President, with a copy to Croke Fairchild Morgan & Beres, 180 N. LaSalle, Ste 2750, Chicago, IL 60601, Attn: Geoffrey Morgan, and as to Purchaser at the address set forth below Purchaser's signature on the signature page of this Agreement. Any party hereto from time to time may change its address, or other information for the purpose of notices to that party by giving notice specifying such change to the other parties hereto. Purchaser and the Company may each agree in writing to accept notices and other communications to it hereunder by electronic communications pursuant to procedures reasonably approved by it; provided that approval of such procedures may be limited to particular notices or communications.

8.5. Governing Law. This Agreement, and the provisions, rights, obligations, and conditions set forth herein, and the legal relations between the parties hereto, including all disputes and claims, whether arising in contract, tort, or under statute, shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to its conflict of law provisions.

8.6. Severability. In the event that any provision of this Agreement or the application of any provision hereof is declared to be illegal, invalid, or otherwise unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected except to the extent necessary to delete such illegal, invalid, or unenforceable provision unless that provision held invalid shall substantially impair the benefits of the remaining portions of this Agreement.

8.7. Headings. The headings in this Agreement are for convenience of reference only and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction, or effect.

8.8. Entire Agreement. This Agreement embodies the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to the subject matter hereof.

8.9. Expenses. Each party will bear its own costs and expenses in connection with this Agreement.

8.10. Further Assurances. The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

8.11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other party. Facsimile signatures shall be deemed originals for all purposes hereunder.

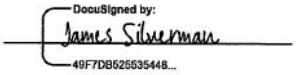
[Signature pages follows]

This Securities Purchase Agreement is hereby confirmed and accepted by the Company as of March 26, 2020.

ETON PHARMACEUTICALS, INC.

By: 

OPALEYE, L.P.

By: 

One Boston Place
26th Floor
Boston, MA 02108

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT ("Agreement") is made as of the 26th day of March, 2020 by and among Eton Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and the Investors set forth on the signature pages affixed hereto (each an "Investor" and collectively the "Investors").

Recitals

A. The Company has prepared and filed in conformity with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), and published rules and regulations thereunder (the "Rules and Regulations") adopted by the Securities and Exchange Commission (the "Commission"), a "shelf" Registration Statement (as hereinafter defined) on Form S-3 (File No. 333-235329), which became effective on December 16, 2019 (the "Effective Date"), including a base prospectus relating to the securities registered pursuant to such Registration Statement (the "Base Prospectus"), and such amendments and supplements thereto as may have been required to the date of this Agreement. The term "Registration Statement" as used in this Agreement means the registration statement (including all exhibits, financial schedules and all documents and information deemed to be a part of the Registration Statement pursuant to Rule 430B under the Rules and Regulations), as amended and/or supplemented to the date of this Agreement, including the Base Prospectus. The term "Prospectus," as used in this Agreement means the Prospectus, in the form in which it is to be filed with the Commission pursuant to Rule 424(b) under the Rules and Regulations. The term "General Disclosure Package" as used in this Agreement means the Base Prospectus and the draft of the Prospectus provided to the Investors prior to the execution and delivery of this Agreement. Any reference herein to the Registration Statement, the General Disclosure Package or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any reference herein to the terms "amend," "amendment," or "supplement" with respect to the Registration Statement, the General Disclosure Package or the Prospectus shall be deemed to refer to and include (i) the filing of any document under the Exchange Act after the Effective Date, the date hereof or the date of the Prospectus, as the case may be, which is incorporated by reference and (ii) any such document so filed; and

B. The Investors wish to, severally and not jointly, purchase from the Company, and the Company wishes to sell and issue to the Investors, upon the terms and conditions stated in this Agreement, an aggregate of 600,000 shares of the Company's Common Stock, par value $0.001 per share (together with any securities into which such shares may be reclassified, whether by merger, charter amendment or otherwise, the "Common Stock"), at purchase price of $3.00 per share (the "Per Share Price"); and

In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. In addition to those terms defined above and elsewhere in this Agreement, for the purposes of this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" means, with respect to any Person, any other Person which directly or indirectly through one or more intermediaries Controls, is controlled by, or is under common Control with, such Person.

"Business Day" means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business.

"Commission Filings" has the meaning set forth in Section 4.6.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Company's Knowledge" means the actual knowledge of the executive officers (as defined in Rule 405 under the Securities Act) of the Company, after due inquiry.

"Confidential Information" means trade secrets, confidential information and know-how (including but not limited to ideas, formulae, compositions, processes, procedures and techniques, research and development information, computer program code, performance specifications, support documentation, drawings, specifications, designs, business and marketing plans, and customer and supplier lists and related information).

"Control" (including the terms "controlling", "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Intellectual Property" means all of the following: (i) patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice); (ii) trademarks, service marks, trade dress, trade names, corporate names, logos, slogans and Internet domain names, together with all goodwill associated with each of the foregoing; (iii) copyrights and copyrightable works; (iv) registrations, applications and renewals for any of the foregoing; and (v) proprietary computer software (including but not limited to data, data bases and documentation).

"Material Adverse Effect" means a material adverse effect on (i) the assets, liabilities, results of operations, condition (financial or otherwise), business, or prospects of the Company and its Subsidiaries taken as a whole, or (ii) the ability of the Company to perform its obligations hereunder.

"Material Contract" means any contract, instrument or other agreement to which the Company or any Subsidiary is a party or by which it is bound which is material to the business of the Company and its Subsidiaries, taken as a whole, including those that have been filed or were required to have been filed as an exhibit to the Commission Filings pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K.

"Nasdaq" means The NASDAQ Global Market.

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

"Private Placement" means the offer and sale by the Company of shares of Common Stock at the Per Share Price to one or more institutional accredited investors in a private placement pursuant to Section 4(a)(2) of the Securities Act.

"Purchase Price" means One Million Eight Hundred Thousand Dollars ($1,800,000) as allocated among the Investors on the signature pages hereto.

"Shares" means the shares of Common Stock being purchased by the Investors hereunder.

"Subsidiary" of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are no such voting interests, 50% or more of the equity interests of which) is owned directly or indirectly by such first Person.

"Transfer Agent" means Computershare Trust Company, N.A., the transfer agent for the Common Stock.

2. Purchase and Sale of the Shares. Subject to the terms and conditions of this Agreement, on the Closing Date, each of the Investors shall severally, and not jointly, purchase, and the Company shall sell and issue to the Investors, the Shares in the respective amounts set forth opposite the Investors' names on the signature pages attached hereto in exchange for each Investor's pro rata share of the Purchase Price as specified in Section 3 below.

3. Closing. Upon confirmation that the other conditions to closing specified herein have been satisfied or duly waived by the Investors, the Company shall cause the Transfer Agent to effect a DWAC delivery of each Investor's Shares to the account of such Investor's nominee previously specified by such Investor and each Investor shall cause a wire transfer in same day funds to be sent to the account of the Company as instructed in writing by the Company, in an amount representing such Investor's pro rata portion of the Purchase Price as set forth on the signature pages to this Agreement. The closing of the purchase and sale of the Shares (the

"Closing") shall take place at the offices of Lowenstein Sandler LLP, 1251 Avenue of the Americas, 18th Floor, New York, New York 10020, or at such other location and on such other date as the Company and the Investors shall mutually agree. The date of the Closing is hereinafter referred to as the "Closing Date."

4. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investors that, except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus:

4. 1 Organization, Good Standing and Qualification. Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to carry on its business as now conducted and to own or lease its properties. Each of the Company and its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property makes such qualification or leasing necessary unless the failure to so qualify has not had and could not reasonably be expected to have a Material Adverse Effect. Except for the Subsidiaries listed in Exhibit 21.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019 (the "10-K"), the Company owns no equity interest in any other Person.

4.2 Authorization. The Company has full power and authority and has taken all requisite action on the part of the Company, its officers, directors and stockholders necessary for (i) the authorization, execution and delivery of this Agreement, (ii) the authorization of the performance of all obligations of the Company hereunder, and (iii) the authorization, issuance (or reservation for issuance) and delivery of the Shares. This Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally and to general equitable principles.

4.3 Capitalization. The Company has an authorized capitalization as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, and all of the issued shares of capital stock of the Company have been duly authorized and validly issued, are fully paid and non-assessable, have been issued in all material respects in compliance with United States federal and state securities laws, and conform to the description thereof contained in the Registration Statement, the General Disclosure Package and the Prospectus. As of February 28, 2020, there were 17,882,486 shares of Common Stock issued and outstanding, no shares of Preferred Stock, par value $0.001 of the Company, issued and outstanding and 4,789,213 shares of Common Stock were issuable upon the exercise of all options, warrants and convertible securities outstanding as of such date. Except as contemplated by the Private Placement or as described in the Registration Statement, the General Disclosure Package and the Prospectus, since such date, the Company has not issued any securities, other than Common Stock of the Company issued pursuant to the exercise of stock options previously outstanding under the Company's stock option plans or the issuance of restricted Common Stock pursuant to employee stock purchase plans. All of the Company's options, warrants and other rights to purchase or exchange any securities for shares of the Company's capital stock have been duly authorized and validly issued

and were issued in all material respects in compliance with United States federal and state securities laws. None of the outstanding shares of Common Stock was issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company. There are no authorized or outstanding shares of capital stock, options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or any Subsidiary other than those described above or accurately described in the Registration Statement, the General Disclosure Package and the Prospectus. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, as described in the Registration Statement, the General Disclosure Package and the Prospectus, accurately and fairly present the information required to be shown with respect to such plans, arrangements, options and rights. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, all of the issued and outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights, were issued in full compliance with applicable state and federal securities law and any rights of third parties and are owned by the Company, beneficially and of record, subject to no lien, encumbrance or other adverse claim. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among the Company and any of the securityholders of the Company relating to the securities of the Company held by them. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, no Person has the right to require the Company to register any securities of the Company under the Securities Act, whether on a demand basis or in connection with the registration of securities of the Company for its own account or for the account of any other Person.

The issuance and sale of the Shares hereunder will not obligate the Company to issue shares of Common Stock or other securities to any other Person (other than the Investors) and will not result in the adjustment of the exercise, conversion, exchange or reset price of any outstanding security.

Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, the Company does not have outstanding stockholder purchase rights or "poison pill" or any similar arrangement in effect giving any Person the right to purchase any equity interest in the Company upon the occurrence of certain events.

4.4 Valid Issuance. The Shares have been duly and validly authorized and, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable, and shall be free and clear of all encumbrances and restrictions (other than those created by the Investors).

4.5 Consents. The execution, delivery and performance by the Company of this Agreement, the offer, issuance and sale of the Shares hereunder and the consummation by the Company of the other transactions contemplated hereby require no consent of, action by or in respect of, or filing with, any Person, governmental body, agency, or official other than the registration of the Shares, which has been completed, the filing of the Prospectus pursuant to Rule

424(b)(5) filings and post-sale filings pursuant to applicable state and federal securities laws which the Company undertakes to file within the applicable time periods. Subject to the accuracy of the representations and warranties of each Investor set forth in Section 5 hereof, the Company has taken all action necessary to exempt (i) the issuance and sale of the Shares and (ii) the other transactions contemplated hereby from the provisions of any stockholder rights plan or other "poison pill" arrangement, any anti-takeover, business combination or control share law or statute binding on the Company or to which the Company or any of its assets and properties may be subject and any provision of the Company's Certificate of Incorporation or Bylaws that is or could reasonably be expected to become applicable to the Investors as a result of the transactions contemplated hereby, including without limitation, the issuance of the Shares and the ownership, disposition or voting of the Shares by the Investors or the exercise of any right granted to the Investors pursuant to this Agreement.

4.6 Delivery of Commission Filings; Business. The Company has made available to the Investors through the EDGAR system, true and complete copies of the Registration Statement, the Base Prospectus, the 10-K, and all other reports filed by the Company pursuant to the Exchange Act since the filing of the 10-K and prior to the date hereof (collectively, the "Commission Filings"). The Commission Filings are the only filings required of the Company pursuant to the Exchange Act for such period. The Company and its Subsidiaries are engaged in all material respects only in the business described in the Registration Statement, the General Disclosure Package and the Prospectus and the Commission Filings contain a complete and accurate description in all material respects of the business of the Company and its Subsidiaries, taken as a whole.

4.7 Use of Proceeds. The net proceeds of the sale of the Shares shall be used by the Company for working capital and general corporate purposes.

4.8 No Material Adverse Change. Since December 31, 2019, except as identified and described in the Registration Statement, the General Disclosure Package and the Prospectus, there has not been:

(i) any change in the consolidated assets, liabilities, financial condition or operating results of the Company from that reflected in the financial statements included in the 10-K, except for changes in the ordinary course of business which have not had and could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate;

(ii) any declaration or payment of any dividend, or any authorization or payment of any distribution, on any of the capital stock of the Company, or any redemption or repurchase of any securities of the Company;

(iii) any material damage, destruction or loss, whether or not covered by insurance to any assets or properties of the Company or its Subsidiaries;

(iv) any waiver, not in the ordinary course of business, by the Company or any Subsidiary of a material right or of a material debt owed to it;

(v) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or a Subsidiary, except in the ordinary course of business and which is not material to the assets, properties, financial condition, operating results or business of the Company and its Subsidiaries taken as a whole (as such business is presently conducted and as it is proposed to be conducted);

(vi) any change or amendment to the Company's Certificate of Incorporation or Bylaws, or material change to any material contract or arrangement by which the Company or any Subsidiary is bound or to which any of their respective assets or properties is subject;

(vii) any material labor difficulties or labor union organizing activities with respect to employees of the Company or any Subsidiary;

(viii) except for the Private Placement, any material transaction entered into by the Company or a Subsidiary other than in the ordinary course of business;

(ix) the loss of the services of any key employee, or material change in the composition or duties of the senior management of the Company or any Subsidiary;

(x) the loss or threatened loss of any customer which has had or could reasonably be expected to have a Material Adverse Effect; or

(xi) any other event or condition of any character that has had or could reasonably be expected to have a Material Adverse Effect.

4.9 Commission Filings.

(a) The Registration Statement is effective under the Securities Act and no stop order preventing or suspending the effectiveness of the Registration Statement or suspending or preventing the use of the Prospectus has been issued by the Commission and no proceedings for that purpose have been instituted or, to the knowledge of the Company, are threatened by the Commission.

(b) No order preventing or suspending the use of the Base Prospectus or the Prospectus has been issued by the Commission, and no proceeding for that purpose or pursuant to Section 8A of the Securities Act has been instituted or threatened by the Commission.

(c) At the Effective Time, at the date of this Agreement and at the Closing Date, the Registration Statement conformed and will conform in all material respects to the requirements of the Securities Act and the Rules and Regulations and did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; the General Disclosure Package, as of the date hereof, did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Prospectus, at the time the Prospectus was

issued and at the Closing Date, conformed and will conform in all material respects to the requirements of the Securities Act and the Rules and Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The documents incorporated by reference in the Registration Statement, the General Disclosure Package or the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and none of such documents contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Registration Statement, the General Disclosure Package or the Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) At the time of filing thereof, the Commission Filings complied as to form in all material respects with the requirements of the Exchange Act and did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(e) The Company meets the issuer eligibility criteria set form in Form S-3 and is eligible to use the Registration Statement to effect the sale of the Shares as contemplated hereby.

4.10 No Conflict, Breach, Violation or Default. The execution, delivery and performance of this Agreement, the issuance and sale of the Shares and the performance by the Company of its other obligations hereunder will not (i) conflict with or result in a breach or violation of (a) any of the terms and provisions of, or constitute a default under the Company's Certificate of Incorporation or the Company's Bylaws, both as in effect on the date hereof (true and complete copies of which have been made available to the Investors through the EDGAR system), or (b) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, any Subsidiary or any of their respective assets or properties, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any lien, encumbrance or other adverse claim upon any of the properties or assets of the Company or any Subsidiary or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any Material Contract.

4.11 Tax Matters. The Company and each Subsidiary has timely prepared and filed all tax returns required to have been filed by the Company or such Subsidiary with all appropriate governmental agencies and timely paid all taxes shown thereon or otherwise owed by

it. The charges, accruals and reserves on the books of the Company in respect of taxes for all fiscal periods are adequate in all material respects, and there are no material unpaid assessments against the Company or any Subsidiary nor, to the Company's Knowledge, any basis for the assessment of any additional taxes, penalties or interest for any fiscal period or audits by any federal, state or local taxing authority except for any assessment which is not material to the Company and its Subsidiaries, taken as a whole. All taxes and other assessments and levies that the Company or any Subsidiary is required to withhold or to collect for payment have been duly withheld and collected and paid to the proper governmental entity or third party when due. There are no tax liens or claims pending or, to the Company's Knowledge, threatened against the Company or any Subsidiary or any of their respective assets or property. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, there are no outstanding tax sharing agreements or other such arrangements between the Company and any Subsidiary or other corporation or entity.

4.12 Title to Properties. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company and each Subsidiary has good and marketable title to all real properties and all other properties and assets owned by it, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or currently planned to be made thereof by them; and except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company and each Subsidiary holds any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or currently planned to be made thereof by them.

4.13 Certificates, Authorities and Permits. The Company and each Subsidiary possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it, and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or such Subsidiary, could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.14 Labor Matters.

(a) Except as required to be disclosed in the Registration Statement, the General Disclosure Package and the Prospectus and as so disclosed therein to the extent applicable, the Company is not a party to or bound by any collective bargaining agreements or other agreements with labor organizations. The Company has not violated in any material respect any laws, regulations, orders or contract terms, affecting the collective bargaining rights of employees, labor organizations or any laws, regulations or orders affecting employment discrimination, equal opportunity employment, or employees' health, safety, welfare, wages and hours.

(b) (i) There are no labor disputes existing, or to the Company's Knowledge, threatened, involving strikes, slow-downs, work stoppages, job actions, disputes, lockouts or any other disruptions of or by the Company's employees, (ii) there are no unfair labor practices or petitions for election pending or, to the Company's Knowledge, threatened before the National

Labor Relations Board or any other federal, state or local labor commission relating to the Company's employees, (iii) no demand for recognition or certification heretofore made by any labor organization or group of employees is pending with respect to the Company and (iv) to the Company's Knowledge, the Company enjoys good labor and employee relations with its employees and labor organizations.

(c) The Company is, and at all times has been, in compliance in all material respects with all applicable laws respecting employment (including laws relating to classification of employees and independent contractors) and employment practices, terms and conditions of employment, wages and hours, and immigration and naturalization. There are no claims pending against the Company before the Equal Employment Opportunity Commission or any other administrative body or in any court asserting any violation of Title VII of the Civil Rights Act of 1964, the Age Discrimination Act of 1967, 42 U.S.C. §§ 1981 or 1983 or any other federal, state or local Law, statute or ordinance barring discrimination in employment.

(d) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company is not a party to, or bound by, any employment or other contract or agreement with respect to any executive officer of the Company that contains any severance, termination pay or change of control liability or obligation, including, without limitation, any "excess parachute payment," as defined in Section 280G(b) of the Internal Revenue Code.

(e) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, each of the Company's employees is a Person who is either a United States citizen or a permanent resident entitled to work in the United States. To the Company's Knowledge, the Company has no liability for the improper classification by the Company of such employees as independent contractors or leased employees prior to the Closing.

4.15 Intellectual Property.

(a) All Intellectual Property of the Company and its Subsidiaries is currently in compliance, in all material respects, with all applicable legal requirements (including timely filings, proofs and payments of fees) and is valid and enforceable. No Intellectual Property of the Company or its Subsidiaries which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has been or is now involved in any cancellation, dispute or litigation, and, to the Company's Knowledge, no such action is threatened. No patent of the Company or its Subsidiaries has been or is now involved in any interference, reissue, re-examination or opposition proceeding.

(b) All of the licenses and sublicenses and consent, royalty or other agreements concerning Intellectual Property which are necessary for the conduct of the Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted to which the Company or any Subsidiary is a party or by which any of their assets are bound (other than generally commercially available, non-custom, off-the-shelf software application programs having a retail acquisition price of less than $10,000 per license) (collectively, "License Agreements") are valid and binding obligations of the Company or its

Subsidiaries that are parties thereto and, to the Company's Knowledge, the other parties thereto, enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and there exists no event or condition which will result in a material violation or breach of or constitute (with or without due notice or lapse of time or both) a default by the Company or any of its Subsidiaries under any such License Agreement.

(c) The Company and its Subsidiaries own or have the valid right to use all of the Intellectual Property that is necessary for the conduct of the Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted and for the ownership, maintenance and operation of the Company's and its Subsidiaries' properties and assets, free and clear of all liens, encumbrances, adverse claims or obligations to license all such owned Intellectual Property and Confidential Information, other than as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus and other than licenses entered into in the ordinary course of the Company's and its Subsidiaries' businesses. The Company and its Subsidiaries have a valid and enforceable right to use all third party Intellectual Property and Confidential Information used or held for use in the respective businesses of the Company and its Subsidiaries.

(d) The conduct of the Company's and its Subsidiaries' businesses as currently conducted does not infringe or otherwise impair or conflict with (collectively, "Infringe") any Intellectual Property rights of any third party or any confidentiality obligation owed to a third party, and, to the Company's Knowledge, the Intellectual Property and Confidential Information of the Company and its Subsidiaries which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted are not being Infringed by any third party. There is no litigation or order pending or outstanding or, to the Company's Knowledge, threatened or imminent, that seeks to limit or challenge or that concerns the ownership, use, validity or enforceability of any Intellectual Property or Confidential Information of the Company and its Subsidiaries and the Company's and its Subsidiaries' use of any Intellectual Property or Confidential Information owned by a third party, and, to the Company's Knowledge, there is no valid basis for the same.

(e) The consummation of the transactions contemplated hereby will not result in the alteration, loss, impairment of or restriction on the Company's or any of its Subsidiaries' ownership or right to use any of the Intellectual Property or Confidential Information which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted.

(f) The Company and its Subsidiaries have taken reasonable steps to protect the Company's and its Subsidiaries' rights in their Intellectual Property and Confidential Information. Each employee, consultant and contractor who has had access to Confidential Information which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has executed an agreement to maintain the confidentiality of such Confidential Information and has executed appropriate agreements that are substantially consistent with the Company's standard forms

thereof. Except under confidentiality obligations, there has been no material disclosure of any of the Company's or its Subsidiaries' Confidential Information to any third party.

4.16 Environmental Matters. Neither the Company nor any Subsidiary is in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "Environmental Laws"), owns or operates any real property contaminated with any substance that is subject to any Environmental Laws, is liable for any off-site disposal or contamination pursuant to any Environmental Laws, or is subject to any claim relating to any Environmental Laws, which violation, contamination, liability or claim has had or could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate; and there is no pending or, to the Company's Knowledge, threatened investigation that might lead to such a claim.

4.17 Litigation. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there are no pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their properties which could reasonably be expected to have a Material Adverse Effect; and to the Company's Knowledge, no such actions, suits or proceedings are threatened or contemplated. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or since January 1, 2015 has been the subject of any action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the Company's Knowledge, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Securities Act or the Exchange Act.

4.18 Financial Statements. The financial statements included or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus comply in all material respects with applicable accounting requirements and the Rules and Regulations as in effect at the time of filing (or to the extent corrected by a subsequent restatement) and present fairly, in all material respects, the consolidated financial position of the Company as of the dates shown and its consolidated results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis ("GAAP") (except as may be disclosed therein or in the notes thereto, and, in the case of quarterly financial statements, as permitted by Form 10-Q under the Exchange Act). Except as set forth in such financial statements or as described in the Registration Statement, the General Disclosure Package and the Prospectus, neither the Company nor any of its Subsidiaries has incurred any liabilities, contingent or otherwise, except those incurred in the ordinary course of business, consistent (as to amount and nature) with past practices since the date of such financial statements, none of which, individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect.

4.19 Insurance Coverage. The Company and each Subsidiary maintains in full force and effect insurance coverage that is customary for comparably situated companies for the

business being conducted and properties owned or leased by the Company and each Subsidiary, and the Company reasonably believes such insurance coverage to be adequate against all liabilities, claims and risks against which it is customary for comparably situated companies to insure.

4.20 Compliance with Nasdaq Continued Listing Requirements. The Company is in compliance with applicable Nasdaq continued listing requirements. There are no proceedings pending or, to the Company's Knowledge, threatened against the Company relating to the continued listing of the Common Stock on Nasdaq and the Company has not received any notice of, nor to the Company's Knowledge is there any basis for, the delisting of the Common Stock from Nasdaq.

4.21 Brokers and Finders. No Person will have, as a result of the transactions contemplated hereby, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company.

4.22 Questionable Payments. Neither the Company nor any of its Subsidiaries nor, to the Company's Knowledge, any of their respective current or former stockholders, directors, officers, employees, agents or other Persons acting on behalf of the Company or any Subsidiary, has on behalf of the Company or any Subsidiary or in connection with their respective businesses: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of the Company or any Subsidiary; or (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

4.23 Transactions with Affiliates. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, none of the officers or directors of the Company and, to the Company's Knowledge, none of the employees of the Company is presently a party to any transaction with the Company or any Subsidiary (other than as holders of stock options and/or warrants, and for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the Company's Knowledge, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

4.24 Internal Controls. The Company is in material compliance with the provisions of the Sarbanes-Oxley Act of 2002 currently applicable to the Company. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and

(iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including the Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which the Company's most recently filed periodic report under the Exchange Act, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 308 of Regulation S-K) or, to the Company's Knowledge, in other factors that could significantly affect the Company's internal controls. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with GAAP and the applicable requirements of the Exchange Act.

4.25 Disclosures. Neither the Company nor any Person acting on its behalf has provided the Investors or their agents or counsel with any information that constitutes or might constitute material, non-public information, other than the terms of the transactions contemplated hereby. The written materials delivered to the Investors in connection with the transactions contemplated hereby do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.26 Investment Company. The Company is not required to be registered as, and is not an Affiliate of, and immediately following the Closing will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5. Representations and Warranties of the Investors. Each of the Investors hereby severally, and not jointly, represents and warrants to the Company that:

5.1 Organization and Existence. Such Investor is a validly existing corporation, limited partnership or limited liability company and has all requisite corporate, partnership or limited liability company power and authority to invest in the Shares pursuant to this Agreement.

5.2 Authorization. The execution, delivery and performance by such Investor of this Agreement have been duly authorized and this Agreement wills constitute the valid and legally binding obligation of such Investor, enforceable against such Investor in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

5.3 Investment Experience. Such Investor acknowledges that it can bear the economic risk and complete loss of its investment in the Shares and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.

5.4 Disclosure of Information. Such Investor has had an opportunity to receive all information related to the Company requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Shares. Such Investor acknowledges receipt of copies of the Commission Filings and the General Disclosure Package. Neither such inquiries nor any other due diligence investigation conducted by such Investor shall modify, limit or otherwise affect such Investor's right to rely on the Company's representations and warranties contained in this Agreement.

5.6 Brokers and Finders. No Person will have, as a result of the transactions contemplated hereby, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of such Investor.

5.7 Prohibited Transactions. Since the earlier of (a) such time as such Investor was first contacted by the Company or any other Person acting on behalf of the Company regarding the transactions contemplated hereby or (b) thirty (30) days prior to the date hereof, neither such Investor nor any Affiliate of such Investor which (x) had knowledge of the transactions contemplated hereby, (y) has or shares discretion relating to such Investor's investments or trading or information concerning such Investor's investments, including in respect of the Shares, or (z) is subject to such Investor's review or input concerning such Affiliate's investments or trading (collectively, "Trading Affiliates") has, directly or indirectly, effected or agreed to effect any short sale, whether or not against the box, established any "put equivalent position" (as defined in Rule 16a-1(h) under the Exchange Act) with respect to the Common Stock, granted any other right (including, without limitation, any put or call option) with respect to the Common Stock or with respect to any security that includes, relates to or derived any significant part of its value from the Common Stock or otherwise sought to hedge its position in the Shares.

6. Conditions to Closing.

6.1 Conditions to the Investors' Obligations. The obligation of each Investor to purchase the Shares at the Closing is subject to the fulfillment to such Investor's satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived by such Investor (as to itself only):

(a) The representations and warranties made by the Company in Section 4 hereof qualified as to materiality shall be true and correct at all times prior to and on the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and, the representations and warranties made by the Company in Section 4 hereof not qualified as to materiality shall be true and correct in all material respects at all times prior to and on the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier

date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date. The Company shall have performed in all material respects all obligations and covenants herein required to be performed by it on or prior to the Closing Date.

(b) The Company shall have obtained any and all consents, permits, approvals, registrations and waivers necessary or appropriate for consummation of the purchase and sale of the Shares and the consummation of the other transactions contemplated hereby, all of which shall be in full force and effect.

(c) The Company shall have timely filed the Prospectus with the Commission pursuant to Rule 424(b) under the Rules and Regulations.

(d) The Company shall have simultaneously consummated the Private Placement resulting in gross proceeds of not less than Five Million Dollars ($5,000,000).

(e) The Company shall have filed with Nasdaq a Notification Form: Listing of Additional Shares for the listing of the Shares on Nasdaq, and Nasdaq shall not have objected thereto.

(f) No stop order suspending the effectiveness of the Registration Statement or any part thereof, preventing or suspending the use of the Base Prospectus or the Prospectus or any part thereof shall have been issued and no proceedings for that purpose or pursuant to Section 8A under the Securities Act shall have been initiated or threatened by the Commission, and all requests for additional information on the part of the Commission (to be included or incorporated by reference in the Registration Statement, the General Disclosure Package or the Prospectus or otherwise) shall have been complied with to the reasonable satisfaction of the Investors.

(g) No action shall have been taken and no law, statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency or body which would prevent the issuance or sale of the Shares or materially and adversely affect or potentially materially and adversely affect the business or operations of the Company or any Subsidiary; and no injunction, restraining order or order of any other nature by any federal or state court of competent jurisdiction shall have been issued which would prevent the issuance or sale of the Shares or materially and adversely affect or potentially materially and adversely affect the business or operations of the Company or any Subsidiary.

(h) The Company shall have delivered a Certificate, executed on behalf of the Company by its Chief Executive Officer or its Chief Financial Officer, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in subsections (a), (b), and (k) of this Section 6.1.

(i) The Company shall have delivered a Certificate, executed on behalf of the Company by its Secretary, dated as of the Closing Date, certifying the resolutions adopted by the Board of Directors of the Company approving the transactions contemplated by this Agreement and the issuance of the Shares, certifying the current versions of the Certificate of

Incorporation and Bylaws of the Company and certifying as to the signatures and authority of persons signing this Agreement and related documents on behalf of the Company.

(j) The Investors shall have received an opinion from Croke Fairchild Morgan & Beres LLC, the Company's counsel, dated as of the Closing Date, in form and substance reasonably satisfactory to the Investors.

(k) No stop order or suspension of trading shall have been imposed by Nasdaq, the Commission or any other governmental or regulatory body with respect to public trading in the Common Stock.

6.2 Conditions to Obligations of the Company. The Company's obligation to sell and issue the Shares at the Closing is subject to the fulfillment to the satisfaction of the Company on or prior to the Closing Date of the following conditions, any of which may be waived by the Company:

(a) The representations and warranties made by the Investors in Section 5 hereof shall be true and correct in all material respects on the Closing Date with the same force and effect as if they had been made on and as of said date. The Investors shall have performed in all material respects all obligations and covenants herein required to be performed by them on or prior to the Closing Date.

(b) The Investors shall have delivered the Purchase Price to the Company.

6.3 Termination of Obligations to Effect Closing; Effects.

(a) The obligations of the Company, on the one hand, and the Investors, on the other hand, to effect the Closing shall terminate as follows:

(i) Upon the mutual written consent of the Company and the Investors;

(ii) By the Company if any of the conditions set forth in Section 6.2 shall have become incapable of fulfillment, and shall not have been waived by the Company;

(iii) By an Investor (with respect to itself only) if any of the conditions set forth in Section 6.1 shall have become incapable of fulfillment, and shall not have been waived by the Investor; or

(iv) By either the Company or any Investor (with respect to itself only) if the Closing has not occurred on or prior to April 6, 2020;

provided, however, that, except in the case of clause (i) above, the party seeking to terminate its obligation to effect the Closing shall not then be in breach of any of its representations, warranties,

covenants or agreements contained in this Agreement if such breach has resulted in the circumstances giving rise to such party's seeking to terminate its obligation to effect the Closing.

(b) In the event of termination by the Company or any Investor of its obligations to effect the Closing pursuant to this Section 6.3, written notice thereof shall forthwith be given to the other Investors by the Company and the other Investors shall have the right to terminate their obligations to effect the Closing upon written notice to the Company and the other Investors. Nothing in this Section 6.3 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement.

7. Covenants and Agreements of the Company. So long as any Investor holds any Shares:

7.1 [Reserved]

7.2 Reports. The Company will furnish to the Investors and/or their permitted assignees such information relating to the Company and its Subsidiaries as from time to time may reasonably be requested by the Investors and/or their permitted assignees; provided, however, that the Company shall not disclose material nonpublic information to the Investors, or to advisors to or representatives of the Investors, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Investors, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review and any Investor wishing to obtain such information enters into an appropriate confidentiality agreement with the Company with respect thereto; and provided, further that the Investors and/or their permitted assignees shall be deemed to have received all reports filed by the Company with the Commission through the EDGAR system without any obligation on the Company to furnish such information.

7.3 No Conflicting Agreements. The Company will not take any action, enter into any agreement or make any commitment that would conflict or interfere in any material respect with the Company's obligations to the Investors hereunder.

7.4 Insurance. The Company shall not materially reduce the insurance coverages described in Section 4.19.

7.5 Compliance with Laws. The Company will comply in all material respects with all applicable laws, rules, regulations, orders and decrees of all governmental authorities.

7.6 SEC Covenants. The Company will file the Prospectus with the Commission pursuant to Rule 424(b) under the Rules and Regulations within the time periods specified therein. The Company has not, directly or indirectly, distributed and will not distribute any offering material in connection with the transactions contemplated hereby other than the General Disclosure Package and the Prospectus. The Company has not used any "free writing prospectus" (as defined in Rule 405 under the Securities Act) in connection with the transactions contemplated hereby. The Company shall not take any action prior to the Closing Date which

would require the Registration Statement, the General Disclosure Package or the Prospectus to be amended or supplemented pursuant to applicable securities laws.

7.6 Listing of Underlying Shares and Related Matters. Promptly following the date hereof, the Company shall take all necessary action to cause the Shares to be listed on Nasdaq no later than the Closing Date. Further, if the Company applies to have its Common Stock or other securities traded on any other principal stock exchange or market, it shall include in such application the Shares and will take such other action as is necessary to cause such Common Stock to be so listed. The Company will use commercially reasonable efforts to continue the listing and trading of its Common Stock on Nasdaq and, in accordance, therewith, will use commercially reasonable efforts to comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of such market or exchange, as applicable.

7.7 Subsequent Equity Sales. From the date hereof until the earlier of (i) three years from the Closing Date or (ii) such time as no Investor holds any of the Shares, the Company shall be prohibited from effecting or entering into an agreement to effect any "Variable Rate Transaction". The term "Variable Rate Transaction" shall mean a transaction in which the Company issues or sells (i) any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of Common Stock either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into any agreement, including, but not limited to, an equity line of credit, whereby the Company may sell securities at a future determined price. For the avoidance of doubt, the issuance of a security which is subject to customary anti-dilution protections, including where the conversion, exercise or exchange price is subject to adjustment as a result of stock splits, reverse stock splits and other similar recapitalization or reclassification events, shall not be deemed to be a "Variable Rate Transaction."

7.8 Equal Treatment of Investors. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration is also offered to all of the parties hereto. For clarification purposes, this provision constitutes a separate right granted to each Investor by the Company and negotiated separately by each Investor, and is intended for the Company to treat the Investors as a class and shall not in any way be construed as the Investors acting in concert or as a group with respect to the purchase, disposition or voting of Shares or otherwise.

8. Survival and Indemnification.

8.1 Survival. The representations, warranties, covenants and agreements contained in this Agreement shall survive the Closing of the transactions contemplated by this Agreement.

8.2 Indemnification. The Company agrees to indemnify and hold harmless each Investor and its Affiliates and their respective directors, officers, trustees, members,

managers, employees and agents, and their respective successors and permitted assigns, from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable attorney fees and disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim or proceeding, pending or threatened and the costs of enforcement thereof) (collectively, "Losses") to which such Person may become subject as a result of any breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company hereunder, and will reimburse any such Person for all such amounts as they are incurred by such Person.

8.3 Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (a) the indemnifying party has agreed to pay such fees or expenses, or (b) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person or (c) in the reasonable judgment of any such person, based upon written advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); and provided, further, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

9. Miscellaneous.

9.1 Successors and Assigns. This Agreement may not be assigned by a party hereto without the prior written consent of the Company or the Investors, as applicable, provided, however, that an Investor may assign its rights and delegate its duties hereunder in whole or in part to (i) an Affiliate without the prior written consent of the Company or (ii) to a third party acquiring some or all of its Shares in a transaction complying with applicable securities laws with the Company's prior written consent, which shall not be unreasonably withheld or delayed. The provisions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Without limiting the generality of the foregoing, in the event that the Company is a party to a merger, consolidation, share exchange or similar business combination transaction in which the Common Stock is converted into the equity securities of another Person, from and after the effective time of such transaction, such Person

shall, by virtue of such transaction, be deemed to have assumed the obligations of the Company hereunder, the term "Company" shall be deemed to refer to such Person and the term "Shares" shall be deemed to refer to the securities received by the Investors in connection with such transaction. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

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

9.3 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.4 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex, telecopier or electronic mail, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one Business Day after delivery to such carrier. All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten days' advance written notice to the other party:

If to the Company:

Eton Pharmaceuticals, Inc.
21925 W. Field Parkway, Suite 235
Deer Park, Illinois 60010-7208
Attention: President
E-mail: sbrynjelsen@etonpharma.com

With a copy to:

Croke Fairchild Morgan & Beres LLC
180 North La Salle Street, Suite 2750
Chicago, IL 60601
Attention: Geoffrey R. Morgan, Esq.
E-mail: gmorgan@crokefairchild.com

If to the Investors:

to the addresses set forth on the signature pages hereto.

9.5 Expenses. The parties hereto shall pay their own costs and expenses in connection herewith. The Company shall reimburse the Investors upon demand for all reasonable out-of-pocket expenses incurred by the Investors, including without limitation reimbursement of attorneys' fees and disbursements, in connection with any amendment, modification or waiver of this Agreement requested by the Company. In the event that legal proceedings are commenced by any party to this Agreement against another party to this Agreement in connection with this Agreement, the party or parties which do not prevail in such proceedings shall severally, but not jointly, pay their pro rata share of the reasonable attorneys' fees and other reasonable out-of-pocket costs and expenses incurred by the prevailing party in such proceedings.

9.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Investors.

9.7 Publicity. Except as set forth below, no public release or announcement concerning the transactions contemplated hereby shall be issued by the Company or the Investors without the prior consent of the Company (in the case of a release or announcement by the Investors) or the Investors (in the case of a release or announcement by the Company) (which consents shall not be unreasonably withheld), except as such release or announcement may be required by law or the applicable rules or regulations of any securities exchange or securities market, in which case the Company or the Investors, as the case may be, shall allow the Investors or the Company, as applicable, to the extent reasonably practicable in the circumstances, reasonable time to comment on such release or announcement in advance of such issuance. By 9:00 a.m. (New York City time) on the first business day after the date of this Agreement, the Company shall issue a press release disclosing the transactions contemplated by this Agreement and the Private Placement. No later than the fourth trading day following the Closing Date, the Company will file a Current Report on Form 8-K attaching the press release described in the foregoing sentence as well as a copy of this Agreement. In addition, the Company will make such other filings and notices in the manner and time required by the Commission or Nasdaq.

9.8 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

9.9 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereof with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof.

9.10 Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

9.11 Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.**

9.12 Independent Nature of Investors' Obligations and Rights. The obligations of each Investor hereunder are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor hereunder. The decision of each Investor to purchase Shares hereunder has been made by such Investor independently of any other Investor. Nothing contained herein, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated hereby. Each Investor acknowledges that no other Investor has acted as agent for such Investor in connection with making its investment hereunder and that no Investor will be acting as agent of such Investor in connection with monitoring its investment in the Shares or enforcing its rights hereunder. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The Company acknowledges that each of the Investors has been provided with the same Agreement for the purpose of closing a transaction with multiple Investors and not because it was required or requested to do so by any Investor.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

The Company: ETON PHARMACEUTICALS, INC.

By:_____
Name:
Title:

SPECIAL SITUATIONS FUND III (QP), L.P.

By:_____
Name: Adam Stettner
Title: General Partner

Aggregate Purchase Price: $750,000
Number of Shares: 250,000

Address for Notice:

527 Madison Avenue
Suite 2600
New York, NY 10022

with a copy to:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Attn: John D. Hogoboom, Esq.
Telephone: 973.597.2500
Facsimile: 973.597.2400

SPECIAL SITUATIONS PRIVATE EQUITY FUND, L.P.

By:_____
Name: Adam Stettner
Title: General Partner

Aggregate Purchase Price: $500,000
Number of Shares: 166,667

Address for Notice:

527 Madison Avenue
Suite 2600
New York, NY 10022

with a copy to:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Attn: John D. Hogoboom, Esq.
Telephone: 973.597.2500
Facsimile: 973.597.2400

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03/27/2020 1298538.01

SPECIAL SITUATIONS CAYMAN FUND, L.P.

By:_____
Name: Adam Stettner
Title: General Partner

Aggregate Purchase Price: $250,000
Number of Shares: 83,333

Address for Notice:

527 Madison Avenue
Suite 2600
New York, NY 10022

with a copy to:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Attn: John D. Hogoboom, Esq.
Telephone: 973.597.2500
Facsimile: 973.597.2400

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03/27/2020 1298538.01

DIAMETRIC CAPITAL

By:_____
Name:
Title:

Aggregate Purchase Price: $300,000
Number of Shares: 100,000

Address for Notice:

200 Clarendon Street, 48th Floor
Boston, MA 02116

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03/27/2020 1298538.01

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

The Company: ETON PHARMACEUTICALS, INC.

By: _____
Name: W. Wilson Troutman
Title: CFO & Corporate Secretary

SPECIAL SITUATIONS CAYMAN FUND, L.P.

By: _____
Name: Adam Stettner
Title: General Partner

Aggregate Purchase Price: $250,000
Number of Shares: 83,333

Address for Notice:

527 Madison Avenue
Suite 2600
New York, NY 10022

with a copy to:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Attn: John D. Hogoboom, Esq.
Telephone: 973.597.2500
Facsimile: 973.597.2400

SPECIAL SITUATIONS PRIVATE EQUITY FUND, L.P.

By: _____
Name: Adam Stettner
Title: General Partner

Aggregate Purchase Price: $500,000
Number of Shares: 166,667

Address for Notice:

527 Madison Avenue
Suite 2600
New York, NY 10022

with a copy to:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Attn: John D. Hogoboom, Esq.
Telephone: 973.597.2500
Facsimile: 973.597.2400

SPECIAL SITUATIONS FUND III (QP), L.P.

By: _____
Name: Adam Stettner
Title: General Partner

Aggregate Purchase Price: $750,000
Number of Shares: 250,000

Address for Notice:

527 Madison Avenue
Suite 2600
New York, NY 10022

with a copy to:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Attn: John D. Hogoboom, Esq.
Telephone: 973.597.2500
Facsimile: 973.597.2400

DIAMETRIC CAPITAL

By _____
Name: NICK THANOFF
Title: COO/CIO

Aggregate Purchase Price: $300,000
Number of Shares: 100,000

Address for Notice:

200 Clarendon Street, 48th Floor
Boston, MA 02116

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05/26/2020 129838.01

FIRST AMENDMENT TO
CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "**Amendment**"), dated as of March 27, 2020, is entered into by and among **ETON PHARMACEUTICALS, INC.**, a Delaware corporation ("**Borrower**"), each of the undersigned financial institutions (individually each a "**Lender**" and collectively "**Lenders**") and **SWK FUNDING LLC,** a Delaware limited liability company, in its capacity as administrative agent for the other Lenders (in such capacity, "**Agent**").

RECITALS

WHEREAS, Borrower, Agent and Lenders entered into that certain Credit Agreement dated as of November 13, 2019 (as the same may be amended, modified or restated from time to time, being hereinafter referred to as the "**Credit Agreement**"); and

WHEREAS, Borrower, Agent and Lenders desire to amend the Credit Agreement as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE I

Definitions

1.1 Capitalized terms used in this Amendment are defined in the Credit Agreement, as amended hereby, unless otherwise stated.

ARTICLE II

Amendments to Credit Agreement

2.1 **Amendment to Section 1.1**. Effective as of the date hereof, the definition of "EM-100 Term Loan Conditions" in Section 1.1 of the Credit Agreement is hereby deleted.

2.2 **Amendment to Section 1.1**. Effective as of the date hereof, the definition of "Subsequent Term Loan Conditions" in Section 1.1 of the Credit Agreement is hereby amended and restated to read as follows:

> "Subsequent Term Loan Conditions means the satisfaction of each of the following: (a) Borrower shall have provided Agent evidence that Borrower has received FDA approval in accordance with the FDA Law and Regulations for EM-100 and a second Product developed by Borrower, other than EM-100, (b) Borrower shall have issued to SWK Funding LLC, a warrant, substantially similar

in form and substance to the Closing Date Warrant, for an amount of common shares of Borrower equivalent to six percent (6%) of the principal amount funded under the Subsequent Term Loan (as calculated based on the Borrower's average share price for the trailing ten (10) Business Day period prior to the funding of the Subsequent Term Loan), (c) Borrower and Agent shall have agreed upon and implemented additional financial covenants with respect to minimum Aggregate Revenue and minimum EBITDA in accordance with Section 6.14(a), and (d) the one year anniversary of the Closing Date has not occurred."

2.3 Amendment to Section 2.2.2. Effective as of the date hereof, Section 2.2.2 of the Credit Agreement is hereby amended and restated to read as follows:

"2.2.2 Additional Advance.

So long as no Material Adverse Effect, Default or Event of Default has occurred and is continuing or would be caused thereby and subject to receipt by Agent of an executed Amended and Restated Warrant, in the form atached hereto as Exhibit A, upon Agent's receipt of a written request from Borrower for a subsequent advance of the Term Loan, each Lender shall make one (1) additional advance to Borrower in the amount equal to such lender's Pro Rata Term Loan Share of Two Million and No/100 Dollars ($2,000,000), which advance shall be considered the EM-100 Term Loan for all purposes under this Agreement."

ARTICLE III

Conditions Precedent and Post-Closing Obligations

3.1 Conditions Precedent. The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent in a manner satisfactory to Agent, unless specifically waived in writing by Agent in its sole discretion:

(A). Agent shall have received this Amendment duly executed by Borrower.

(B). The representations and warranties contained herein and in the Credit Agreement and the other Loan Documents, as each is amended hereby, shall be true and correct as of the date hereof (as updated on Exhibit B hereto), as if made on the date hereof, except for such representations and warranties as are by their express terms limited to a specific date.

(C). No Default or Event of Default under the Credit Agreement, as amended hereby, shall have occurred and be continuing, unless such Default or Event of Default has been otherwise specifically waived in writing by Agent.

(D). All corporate proceedings taken in connection with the transactions contemplated by this Amendment and all documents, instruments and other legal matters incident thereto shall be satisfactory to Agent; and Borrower shall provide to Agent a Manager's certificate with resolutions in form and substance acceptable to Agent.

(E). Agent shall have received evidence that Borrower has issued additional Equity Interests resulting in net cash proceeds to Borrower of not less than $4,000,000.

ARTICLE IV

No Waiver, Ratifications, Representations and Warranties

4.1 No Waiver. Nothing contained in this Amendment or any other communication between Agent, any Lender, Borrower or any other Loan Party shall be a waiver of any past, present or future non-compliance, violation, Default or Event of Default of Borrower under the Credit Agreement or any Loan Document. Agent and each Lender hereby expressly reserves any rights, privileges and remedies under the Credit Agreement and each Loan Document that Lender may have with respect to any non-compliance, violation, Default or Event of Default, and any failure by Agent or any Lender to exercise any right, privilege or remedy as a result of the violations set forth above shall not directly or indirectly in any way whatsoever either (i) impair, prejudice or otherwise adversely affect the rights of Agent or any Lender, except as set forth herein, at any time to exercise any right, privilege or remedy in connection with the Credit Agreement or any Loan Document, (ii) amend or alter any provision of the Credit Agreement or any Loan Document or any other contract or instrument or (iii) constitute any course of dealing or other basis for altering any obligation of Borrower or any rights, privilege or remedy of Agent or any Lender under the Credit Agreement or any Loan Document or any other contract or instrument. Nothing in this Amendment shall be construed to be a consent by Agent or any Lender to any prior, existing or future violations of the Credit Agreement or any Loan Document.

4.2 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and the other Loan Documents, and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Borrower, Lenders and Agent agree that the Credit Agreement and the other Loan Documents, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with their respective terms. Borrower agrees that this Amendment is not intended to and shall not cause a novation with respect to any or all of the Obligations.

4.3 Representations and Warranties. Borrower hereby represents and warrants to Agent and Lenders that (a) the execution, delivery and performance of this Amendment, any and all other Loan Documents executed and/or delivered in connection herewith have been authorized by all requisite action (as applicable) on the part of Borrower and will not violate the organizational documents of Borrower; (b) Borrower's directors and/or managers have authorized the execution, delivery and performance of this Amendment any and all other Loan Documents executed and/or delivered in connection herewith; (c) the representations and warranties contained in the Credit Agreement, as amended hereby, and any other Loan Document are true and correct on and as of the date hereof and on and as of the date of execution hereof as though made on and as of each such date (except to the extent such representations and warranties expressly relate to an earlier date); (d) the Updated Disclosure Schedules relating to the Credit Agreement and attached to this Agreement as Exhibit B are being provided in connection with subsection (c) of this Section 4.3 and are true and correct in all material respects as of the date hereof; (e) no Default or Event of

Default under the Credit Agreement, as amended hereby, has occurred and is continuing; (f) Loan Parties are in full compliance in all material respects with all covenants and agreements contained in the Credit Agreement and the other Loan Documents, as amended hereby; and (g) except as disclosed to Agent, no Loan Party has amended its organizational documents since the date of the Credit Agreement.

ARTICLE V

Miscellaneous Provisions

5.1 Survival of Representations and Warranties. All representations and warranties made in the Credit Agreement or any other Loan Document, including, without limitation, any document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by Agent or any Lender or any closing shall affect the representations and warranties or the right of Agent and each Lender to rely upon them.

5.2 Reference to Credit Agreement. Each of the Credit Agreement and the other Loan Documents, and any and all other Loan Documents, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement, as amended hereby, are hereby amended so that any reference in the Credit Agreement and such other Loan Documents to the Credit Agreement shall mean a reference to the Credit Agreement, as amended hereby.

5.3 Expenses of Agent. As provided in the Credit Agreement, Borrower agrees to pay on demand all costs and expenses incurred by Agent, or its Affiliates, in connection with the preparation, negotiation, and execution of this Amendment and the other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the reasonable costs and fees of legal counsel, and all costs and expenses incurred by Agent and each Lender in connection with the enforcement or preservation of any rights under the Credit Agreement, as amended hereby, or any other Loan Documents, including, without, limitation, the reasonable costs and fees of legal counsel.

5.4 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

5.5 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of Agent and each Lender and Borrower and their respective successors and assigns, except that no Loan Party may assign or transfer any of its rights or obligations hereunder without the prior written consent of Agent.

5.6 Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument. This Amendment may be executed by facsimile or electronic (.pdf) transmission, which facsimile or electronic (.pdf) signatures shall be

considered original executed counterparts for purposes of this Section 5.6, and each party to this Amendment agrees that it will be bound by its own facsimile or electronic (.pdf) signature and that it accepts the facsimile or electronic (.pdf) signature of each other party to this Amendment.

5.7 Effect of Waiver. No consent or waiver, express or implied, by Agent to or for any breach of or deviation from any covenant or condition by Borrower shall be deemed a consent to or waiver of any other breach of the same or any other covenant, condition or duty.

5.8 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

5.9 Applicable Law. THE TERMS AND PROVISIONS OF SECTIONS 10.17 (GOVERNING LAW) AND 10.18 (FORUM SELECTION; CONSENT TO JURISDICTION) OF THE CREDIT AGREEMENT ARE HEREBY INCORPORATED HEREIN BY REFERENCE, AND SHALL APPLY TO THIS AMENDMENT *MUTATIS MUTANDIS* AS IF FULLY SET FORTH HEREIN.

5.10 Final Agreement. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, EACH AS AMENDED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AMENDMENT IS EXECUTED. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS AMENDED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AMENDMENT OF ANY PROVISION OF THIS AMENDMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY BORROWER AND AGENT.

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IN WITNESS WHEREOF, this Amendment has been executed and is effective as of the date first written above.

BORROWER:

ETON PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name: W. Wilson Troutman
Title: CFO & Corporate Secretary

AGENT AND LENDER:

SWK FUNDING LLC,
as Agent and a Lender

By: SWK Holdings Corporation,
its sole Manager

By: _____
Name: Winston Black
Title: Chief Executive Officer and President

EXHIBIT A

Form of Amended and Restated Warrant

See attached.

THIS WARRANT AND THE SECURITIES ISSUED HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT COVERING SUCH SECURITIES UNDER THE SECURITIES ACT AND ANY OTHER APPLICABLE SECURITIES LAWS, OR (2) AN EXEMPTION FROM REGISTRATION UNDER SUCH SECURITIES LAWS.

AMENDED AND RESTATED
ETON PHARMACEUTICALS, INC. WARRANT
for shares of Common Stock
[_____], 2020

This **AMENDED AND RESTATED WARRANT** (this "**Warrant**") of Eton Pharmaceuticals, Inc., a corporation, duly organized and validly existing under the laws of the State of Delaware (the "**Company**"), is being issued pursuant to that certain Credit Agreement, dated November 13, 2019 (the "**Credit Agreement**"), between the Company and SWK Funding LLC (the "**Agent**") granting Agent the right to purchase shares of common stock, $0.001 par value, of the Company (the "**Common Stock**") as set forth herein. Defined terms used herein and not otherwise defined shall have the meaning given them in the Credit Agreement. This Warrant was initially issued on November 13, 2019 and corrected on January 24, 2020 (the "**Original Warrant**").

FOR VALUE RECEIVED, the Company hereby grants to Agent and its permitted successors and assigns (collectively, the "**Holder**") the right to purchase from the Company shares of Common Stock (such shares underlying this Warrant, the "**Warrant Shares**"), at a per share purchase price as calculated (the "**Exercise Price**"), subject to the terms, conditions and adjustments set forth below in this Warrant.

1. Exercise of Warrant. This Warrant shall be exercisable pursuant to the terms of this Section 1.

1.1 Manner of Exercise.

(a) This Warrant shall be exercisable as follows (each, a "**Warrant Tranche**"):

(i) within 7 years of funding of the initial funding of the Term Loan on or about the Closing Date, into a number of shares of Common Stock equal to six percent (6%) of the principal amount of the Initial Advance divided the applicable Exercise Price (as defined below);

(ii) within 7 years of funding of the EM-100 Term Loan, into a number of shares of Common Stock equal to six percent (6%) of the principal amount of the EM-100 Term Loan divided by the applicable Exercise Price; and

(iii) within 7 years of funding of the Subsequent Term Loan, into a number of shares of Common Stock equal to six percent (6%) of the principal amount of the Subsequent Term Loan divided by the applicable Exercise Price.

The number of shares of Common Stock into which this Warrant is exercisable are sometimes hereinafter referred to as "**Warrant Shares**." For purposes of this Section 1.1, the applicable "**Exercise Price**" for each Warrant Tranche shall equal the average trading price of the Common Stock as officially reported by the principal securities exchange on which the Common Stock is then listed or admitted to trading, or, if the Common Stock is not listed or admitted to trading on any securities exchange as determined in good faith by resolution of the Board of Directors of the Company, based on the best information available to it, for the ten (10) trading days immediately preceding the applicable Issuance Date for such Warrant Tranche. The date of each applicable funding date shall be the "**Issuance Date**" of such Warrant Tranche and the 7 year period following such Issuance Date shall be the "**Exercise Period**" with respect to such Warrant Tranche. The last day of each applicable Exercise Period shall be the "**Expiration Date**" of such Warrant Tranche. Except as set forth in Section 1.4, any portion of any Warrant Tranche not exercised within the applicable Exercise Period and before the close of business on the Expiration Date shall be cancelled and not exercisable thereafter. Immediately after each funding under this Section 1.1, the Company shall send Holder an updated Schedule 1.1, reflecting the Company's calculation of the relevant parameters of each Warrant Tranche. Upon the Holder's agreement with the calculations for such Warrant Tranche, the updated Schedule 1.1 shall be attached hereto and become part of this Warrant.

(b) Each Warrant Tranche may only be exercised by the Holder hereof during the applicable Exercise Period, in accordance with the terms and conditions hereof, in whole or in part (but not as to fractional shares) with respect to any portion of any Warrant Tranche, during the Company's normal business hours on any day other than a Saturday or a Sunday or a day on which commercial banking institutions in New York, New York are authorized by law to be closed (a "**Business Day**"), by surrender of this Warrant to the Company at its office maintained pursuant to Section 7.2(a) hereof, accompanied by a written exercise notice in the form attached as Exhibit A to this Warrant (or a reasonable facsimile thereof) duly executed by the Holder, together with the payment of the aggregate Exercise Price for the number of Warrant Shares purchased upon exercise of this Warrant. Upon surrender of this Warrant, the Company shall cancel this Warrant document and shall, in the event of partial exercise or any exercise prior to the funding event relating to the issuance of any of the Warrant Tranches, replace it with a new Warrant document in accordance with Section 1.3.

(c) Except as provided for in Section 1.1(d) below, each exercise of this Warrant must be accompanied by payment in full of the aggregate Exercise Price in cash by check or wire transfer in immediately available funds for the number of Warrant Shares being purchased by the Holder upon such exercise.

(d) The aggregate Exercise Price for the number of Warrant Shares being purchased may also, in the sole discretion of the Holder, be paid in full or in part on a "cashless basis" at the election of the Holder:

(i) In the form of Common Stock owned by the Holder (based on the Fair Market Value (as defined below) of such Common Stock on the date of exercise);

(ii) In the form of Warrant Shares withheld by the Company from the Warrant Shares otherwise to be received upon exercise of this Warrant having an aggregate Fair Market Value on the date of the exercise equal to the aggregate applicable Exercise Price of the Warrant Shares being purchased by the Holder; or

(iii) By a combination of the foregoing, provided that the combined value of all cash and the Fair Market Value of any shares surrendered to the Company is at least equal to the aggregate applicable Exercise Price for the number of Warrant Shares being purchased by the Holder.

For purposes of this Warrant, the term "**Fair Market Value"** means with respect to a particular date, the average closing price of the Common Stock for the ten (10) trading days immediately preceding the applicable exercise herein as officially reported by the principal securities exchange on which the Common Stock is then listed or admitted to trading, or, if the Common Stock is not listed or admitted to trading on any securities exchange as determined in good faith by resolution of the Board of Directors of the Company, based on the best information available to it.

To illustrate a cashless exercise of this Warrant under Section 1.1(d)(ii) (or for a portion thereof for which cashless exercise treatment is requested as contemplated by Section 1.1(d)(iii) hereof), the calculation of such exercise shall be as follows:

$$X = Y (A-B)/A$$

where:

X = the number of Warrant Shares to be issued to the Holder (rounded to the nearest whole share).

Y = the number of Warrant Shares with respect to which this Warrant is being exercised.

A = the Fair Market Value of the Common Stock.

B = the applicable Exercise Price.

(e) For purposes of Rule 144 and sub-Section 1.1(d)(ii) thereof, it is intended, understood, and acknowledged that the Common Stock issuable upon exercise of this Warrant in a cashless exercise transaction as described in Section 1.1(d) above shall be deemed to have been acquired at the time this Warrant was issued. Moreover, it is intended, understood, and acknowledged that the holding period for the Common Stock issuable upon exercise of this Warrant in a cashless exercise transaction as described in Section 1.1(d) above shall be deemed to have commenced on the date this Warrant was issued.

1.2 When Exercise Effective. Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the Business Day on which this Warrant shall have been duly surrendered to the Company as provided in Sections 1.1 and 7 hereof, and, at such time, the Holder in whose name any certificate or certificates for Warrant Shares shall be issuable upon exercise as provided in Section 1.3 hereof shall be deemed to have become the holder or holders of record thereof of the number of Warrant Shares purchased upon exercise of this Warrant.

1.3 Delivery of Common Stock Certificates and New Warrant. As soon as reasonably practicable after each exercise of this Warrant, in whole or in part, and in any event within three (3) Business Days thereafter, the Company, at its expense (including the payment by it of any applicable issue taxes), will cause to be issued in the name of and delivered to the Holder hereof or, subject to Sections 6 and 7 hereof, as the Holder (upon payment by the Holder of any applicable transfer taxes) may direct:

(a) a certificate or certificates (with appropriate restrictive legends, as applicable) for the number of duly authorized, validly issued, fully paid and non-assessable Warrant Shares to which the Holder shall be entitled upon exercise; and

(b) in case exercise is in part only, a new Warrant document of like tenor, dated the date hereof, for the remaining number of Warrant Shares issuable upon exercise of this Warrant after giving effect to the partial exercise of this Warrant (including the delivery of any Warrant Shares as payment of the Exercise Price for such partial exercise of this Warrant).

1.4 Automatic Exercise. In the event that, upon any applicable Expiration Date or other termination of this Warrant, the Fair Market Value of one Warrant Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 hereof is greater than the applicable Exercise Price in effect on such date for each applicable Warrant Tranche, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to this Section 1.4 as to all Warrant Shares (or such other securities) for which it shall not previously have been exercised and which are then expiring, and the Company shall promptly deliver a certificate representing the Warrant Shares (or such other securities) issued upon such exercise to Holder.

2. Certain Adjustments. For so long as this Warrant is outstanding:

2.1 Mergers or Consolidations. If at any time after the date hereof there shall be a capital reorganization (other than a combination or subdivision of Common Stock otherwise provided for herein) resulting in a reclassification to or change in the terms of securities issuable upon exercise of this Warrant (a "**Reorganization**"), or a merger or consolidation of the Company with another corporation, association, partnership, organization, business, individual, government or political subdivision thereof or a governmental agency (a "**Person**" or the "**Persons**") (other than a merger with another Person in which the Company is a continuing corporation and which does not result in any reclassification or change in the terms of securities issuable upon exercise of this Warrant or a merger effected exclusively for the purpose of changing the domicile of the Company) (a "**Merger**"), then, as a part of such Reorganization or Merger, lawful provision and adjustment shall be made so that the Holder shall thereafter be entitled to receive, upon exercise of this Warrant, the number of shares of stock or any other equity or debt securities or property receivable upon such Reorganization or Merger by a holder of the number of shares of Common Stock which might have been purchased upon exercise of this Warrant immediately prior to such Reorganization or Merger. In any such case, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the Reorganization or Merger to the end that the provisions of this Warrant (including adjustment of the Exercise Price then in effect and the number of Warrant Shares) shall be applicable after that event, as near as reasonably may be, in relation to any shares of stock, securities, property or other assets thereafter deliverable upon exercise of this Warrant. The provisions of this Section 2.1 shall similarly apply to successive Reorganizations and/or Mergers.

2.2 Splits and Subdivisions; Dividends. In the event the Company should at any time or from time to time effectuate a split or subdivision of the outstanding shares of Common Stock or pay a dividend in or make a distribution payable in additional shares of Common Stock or other securities, or rights convertible into, or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock (hereinafter referred to as "**Common Stock Equivalents**") without payment of any consideration by such holder for the additional shares of Common Stock or Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as

of the applicable record date (or the date of such distribution, split or subdivision if no record date is fixed), the per share Exercise Price shall be appropriately decreased and the number of Warrant Shares shall be appropriately increased in proportion to such increase (or potential increase) of outstanding shares; provided, however, that no adjustment shall be made in the event the split, subdivision, dividend or distribution is not effectuated.

2.3 Combination of Shares. If the number of shares of Common Stock outstanding at any time after the date hereof is decreased by a combination of the outstanding shares of Common Stock, the per share Exercise Price shall be appropriately increased and the number of shares of Warrant Shares shall be appropriately decreased in proportion to such decrease in outstanding shares.

2.4 Adjustments for Other Distributions. In the event the Company shall declare a distribution payable in securities of other Persons, evidences of indebtedness issued by the Company or other Persons, assets (excluding cash dividends or distributions to the holders of Common Stock paid out of current or retained earnings and declared by the Company's Board of Directors) or options or rights not referred to in Sections 2.2 or 2.3 then, in each such case for the purpose of this Section 2.4, upon exercise of this Warrant, the Holder shall be entitled to a proportionate share of any such distribution as though the Holder was the actual record holder of the number of Warrant Shares as of the record date fixed for the determination of the holders of Common Stock of the Company entitled to receive such distribution.

3. No Impairment. The Company will not, by amendment of its certificate of incorporation or by-laws or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all of the terms and in the taking of all actions necessary or appropriate in order to protect the rights of the Holder against impairment.

4. Notice as to Adjustments. With respect to each adjustment pursuant to Section 2 of this Warrant, the Company, at its expense, will promptly compute the adjustment or re-adjustment in accordance with the terms of this Warrant and furnish the Holder with a certificate certified and confirmed by the Secretary or Chief Financial Officer of the Company setting forth, in reasonable detail, the event requiring the adjustment or re-adjustment and the amount of such adjustment or re-adjustment, the method of calculation thereof and the facts upon which the adjustment or re-adjustment is based, and the Exercise Price and the number of Warrant Shares or other securities purchasable hereunder with respect to each Warrant Tranche after giving effect to such adjustment or re-adjustment, which report shall be mailed by first class mail, postage prepaid to the Holder.

5. Reservation of Shares. The Company shall, solely for the purpose of effecting the exercise of this Warrant, at all times during the term of this Warrant, reserve and keep available out of its authorized shares of Common Stock, free from all taxes, liens and charges with respect to the issue thereof and not subject to preemptive rights of shareholders of the Company, such number of its shares of Common Stock as shall from time to time be sufficient to effect in full the exercise of this Warrant. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect in full the exercise of this Warrant, in addition to such other remedies as shall be available to Holder, the Company will promptly take such corporate action as may, in the opinion of its counsel, be necessary to increase the number of authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including without limitation, using its Reasonable Commercial Efforts (as defined in Section 17 hereof) to obtain the requisite shareholder approval necessary to increase the number of

authorized shares of Common Stock. The Company hereby represents and warrants that all shares of Common Stock issuable upon proper exercise of this Warrant shall be duly authorized and, when issued and paid for upon proper exercise, shall be validly issued, fully paid and nonassessable.

6. Restrictions on Transfer.

6.1 Restrictive Legends. This Warrant and each Warrant issued upon transfer or in substitution for this Warrant pursuant to Section 7 hereof, each certificate for Common Stock issued upon the exercise of the Warrant and each certificate issued upon the transfer of any such Common Stock shall be transferable only upon satisfaction of the conditions specified in this Section 6. Each of the foregoing securities shall be stamped or otherwise imprinted with a legend reflecting the restrictions on transfer set forth herein and any restrictions required under the Securities Act or other applicable securities laws.

6.2 Notice of Proposed Transfer. Prior to any transfer of any securities which are not registered under an effective registration statement under the Securities Act **("Restricted Securities"),** which transfer may only occur if there is an exemption from the registration provisions of the Securities Act and all other applicable securities laws, the Holder will give written notice to the Company of the Holder's intention to effect a transfer (and shall describe the manner and circumstances of the proposed transfer). The following provisions shall apply to any proposed transfer of Restricted Securities:

(i) If, in the opinion of counsel for the Holder reasonably satisfactory to the Company, the proposed transfer may be effected without registration of the Restricted Securities under the Securities Act (which opinion shall state in detail the basis of the legal conclusions reached therein), the Holder shall thereupon be entitled to transfer the Restricted Securities in accordance with the terms of the notice delivered by the Holder to the Company. Each certificate representing the Restricted Securities issued upon or in connection with any transfer shall bear the restrictive legends required by Section 6.1 hereof.

(ii) If the opinion called for in (i) above is not delivered, the Holder shall not be entitled to transfer the Restricted Securities until either: (x) receipt by the Company of a further notice from such Holder pursuant to the foregoing provisions of this Section 6.2 and fulfillment of the provisions of clause (i) above, or (y) such Restricted Securities have been effectively registered under the Securities Act; *provided, however*, that no opinion shall be required in the event that the Holder transfers the Warrant (or any portion thereof) to (A) any Person not involving a change in beneficial ownership, (B) any parent, subsidiary or other Affiliate, (C) any Lender under the Credit Agreement, or (D) any Person acquiring all or any substantial portion of Holder's assets; *provided, further*, that any such transferee(s) in clauses (A) through (D) is an "accredited investor" as defined in Rule 501 of Regulation D as promulgated under the Securities Act.

7. Ownership, Transfer, Sale, and Substitution of Warrant.

7.1 Ownership of Warrant. The Company may treat any Person in whose name this Warrant is registered in the Warrant Register maintained pursuant to Section 7.2(b) hereof as the owner and holder thereof for all purposes, notwithstanding any notice to the contrary, except that, if and when any Warrant is properly assigned in blank, the Company may (but shall not be obligated to) treat the bearer thereof as the owner of such Warrant for all purposes, notwithstanding any notice to the contrary. Subject to Sections 6 and 7 hereof, this Warrant, if properly assigned, may be exercised by a new holder without a new Warrant first having been issued.

7.2 Office: Exchange of Warrant.

(a) The Company will maintain its principal office at the location identified in the Company's most current filing (as of the date notice is to be given) under the Securities Exchange Act of 1934, as amended, or as the Company otherwise notifies the Holder.

(b) The Company shall cause to be kept at its office maintained pursuant to Section 7.2(a) hereof a Warrant Register for the registration and transfer of the Warrant. The name and address of the holder of the Warrant, the transfers thereof and the name and address of the transferee of the Warrant shall be registered in such Warrant Register. The Person in whose name the Warrant shall be so registered shall be deemed and treated as the owner and holder thereof for all purposes of this Warrant, and the Company shall not be affected by any notice or knowledge to the contrary.

(c) Upon the surrender of this Warrant, properly endorsed, for registration of transfer or for exchange at the office of the Company maintained pursuant to Section 7.2(a) hereof, the Company at its expense will (subject to compliance with Section 6 hereof, if applicable) execute and deliver to or upon the order of the Holder thereof a new Warrant of like tenor, in the name of such holder or as such holder (upon payment by such holder of any applicable transfer taxes) may direct, calling in the aggregate on the face thereof for the number of shares of Common Stock called for on the face of the Warrant so surrendered (after giving effect to any previous adjustment(s) to the number of Warrant Shares).

7.3 Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, upon delivery of indemnity reasonably satisfactory to the Company in form and amount or, in the case of any mutilation, upon surrender of this Warrant for cancellation at the office of the Company maintained pursuant to Section 7.2(a) hereof, the Company will execute and deliver, in lieu thereof, a new Warrant of like tenor and dated the date hereof.

7.4 Opinions. In connection with the sale of the Warrant Shares by Holder, the Company agrees to cooperate with the Holder, and at the Company's expense, to have its counsel provide any legal opinions required to remove the restrictive legends from the Warrant Shares in connection with a sale, transfer or legend removal request of Holder.

8. Registration and Listing.

8.1 Definition of Registrable Securities. As used herein, the term "**Registrable Securities**" means any shares of Common Stock issuable upon the exercise of this Warrant until the date (if any) on which such shares shall have been transferred or exchanged and new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of the shares shall not require registration or qualification under the Securities Act or any similar state law then in force.

8.2 Incidental Registration Rights.

(a) If the Company, at any time during the Exercise Period, proposes to register any of its securities under the Securities Act (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Securities Act or pursuant to registration on Form S-4 or S-8 or any successor forms) whether for its own account or for the account of any holder or holders of its shares other

than Registrable Securities (any shares of such holder or holders (but not those of the Company and not Registrable Securities) with respect to any registration are referred to herein as, "**Other Shares**"), the Company shall at each such time give prompt (but not less than thirty (30) days prior to the anticipated effectiveness thereof) written notice to the holders of Registrable Securities of its intention to do so. The holders of Registrable Securities shall exercise the "piggy-back" rights provided herein by giving written notice within fifteen (15) days after the receipt of any such notice (which request shall specify the Registrable Securities intended to be disposed of by such holder). Except as set forth in Section 8.2(b), the Company will use its Reasonable Commercial Efforts to effect the registration under the Securities Act of all of the Registrable Securities which the Company has been so requested to register by such holder, to the extent required to permit the disposition of the Registrable Securities so to be registered, by inclusion of such Registrable Securities in the registration statement which covers the securities which the Company proposes to register. The Company will pay all Registration Expenses, as defined in Section 8.5 herein, in connection with each registration of Registrable Securities pursuant to this Section 8.2.

(b) In the event the Company at any time proposes to register any of its securities under the Securities Act as contemplated by this Section 8.2 and such securities are to be distributed by or through one or more underwriters, the Company will, if requested by a holder of Registrable Securities, use its Reasonable Commercial Efforts to arrange for such underwriters to include all the Registrable Securities to be offered and sold by such holder among the securities to be distributed by such underwriters. If the managing underwriter, in good faith, advises the Company and the holders of Registrable Securities in writing that the dollar amount or number of shares the Common Stock that the Company desires to sell, taken together with (i) the Other Shares, if any, as to which Registration has been requested, and (ii) the Registrable Securities as to which registration has been requested pursuant to Section 8 hereof, exceeds the maximum number of shares of Common Stock that can be sold without adversely affecting the proposed offering price, the timing, the distribution method or the probability of success of such offering (the "Maximum Number of Shares"), then the Company shall include in any such Registration (A) first, the Common Stock that the Company desires to sell, which can be sold without exceeding the Maximum Number of Shares; (B) second, to the extent that the Maximum Number of Shares has not been reached under the foregoing clause (A), the Registrable Securities, which can be sold without exceeding the Maximum Number of Shares; and (C) third, to the extent that the Maximum Number of Shares has not been reached under the foregoing clauses (A) and (B), the Other Shares which can be sold without exceeding the Maximum Number of Shares.

8.3 Registration Procedures. Whenever the holders of Registrable Securities have properly requested that any Registrable Securities be registered pursuant to the terms of this Warrant, the Company shall use its Reasonable Commercial Efforts to effect the registration for the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its Reasonable Commercial Efforts to cause such registration statement to become effective;

(b) notify such holders of the effectiveness of each registration statement filed hereunder and prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to (i) keep such registration statement effective and the prospectus included therein usable for a period commencing on the date that such registration statement is initially declared effective by the SEC and ending on the earlier of (A) the

date when all Registrable Securities covered by such registration statement have been sold pursuant to the registration statement or cease to be Registrable Securities, or (B) nine months from the effective date of the registration statement; and (ii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(c) furnish to such holders such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such holders;

(d) use its Reasonable Commercial Efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as such holders reasonably request and do any and all other acts and things which may be reasonably necessary or advisable to enable such holders to consummate the disposition in such jurisdictions of the Registrable Securities owned by such holders; provided, however, that the Company shall not be required to: (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph; (ii) subject itself to taxation in any such jurisdiction; or (iii) consent to general service of process in any such jurisdiction;

(e) notify such holders, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances in which they are made, not materially misleading, and, at the reasonable request of such holders, the Company shall prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances in which they are made, not materially misleading;

(f) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(g) make available for inspection by any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by any such underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors, managers, employees and independent accountants to supply all information reasonably requested by any such underwriter, attorney, accountant or agent in connection with such registration statement;

(h) otherwise use its Reasonable Commercial Efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement of the Company, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and, at the option of the Company, Rule 158 thereunder;

(i) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Registrable Securities included in such registration statement for sale

in any jurisdiction, the Company shall use its Reasonable Commercial Efforts promptly to obtain the withdrawal of such order; and

(j) if the offering is underwritten, use its Reasonable Commercial Efforts to furnish on the date that Registrable Securities are delivered to the underwriters for sale pursuant to such registration, an opinion dated such date of counsel representing the Company for the purposes of such registration, addressed to the underwriters covering such issues as are reasonably required by such underwriters.

8.4 Listing. The Company shall secure the listing of the Common Stock underlying this Warrant upon each national securities exchange or automated quotation system upon which shares of Common Stock are then listed or quoted (subject to official notice of issuance) and shall maintain such listing of shares of Common Stock. The Company shall at all times comply in all material respects with the Company's reporting, filing and other obligations under the by-laws or rules of the Nasdaq Capital Market (or such other national securities exchange or market on which the Common Stock may then be listed, as applicable).

8.5 Expenses. The Company shall pay all Registration Expenses relating to the registration and listing obligations set forth in this Section 8. For purposes of this Warrant, the term "**Registration Expenses**" means: (a) all registration, filing and FINRA fees, (b) all reasonable fees and expenses of complying with securities or blue sky laws, (c) all word processing, duplicating and printing expenses, (d) the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, (e) premiums and other costs of policies of insurance (if any) against liabilities arising out of the public offering of the Registrable Securities being registered if the Company desires such insurance, if any, and (f) fees and disbursements of one counsel for the selling holders of Registrable Securities; provided however, that, in any case where Registration Expenses are not to be borne by the Company, such expenses shall not include (and such expenses shall be borne by the Company): (i) salaries of Company personnel or general overhead expenses of the Company, (ii) auditing fees, or (iii) other expenses for the preparation of financial statements or other data, to the extent that any of the foregoing either is normally prepared by the Company in the ordinary course of its business or would have been incurred by the Company had no public offering taken place. Registration Expenses shall not include any underwriting discounts and commissions which may be incurred in the sale of any Registrable Securities and transfer taxes of the selling holders of Registrable Securities.

8.6 Information Provided by Holders. Any holder of Registrable Securities included in any registration shall furnish to the Company such information as the Company may reasonably request in writing, including, but not limited to, a completed and executed questionnaire requesting information customarily sought of selling security holders, to enable the Company to comply with the provisions hereof in connection with any registration referred to in this Warrant. The Holder agrees to suspend all sales of Registrable Securities pursuant to a registration statement filed under Section 8.2 in the event the Company notifies Holder pursuant to Section 8.3(e) that the prospectus relating thereto is no longer current and will not resume sales under such registration statement until advised by the Company that the prospectus has been appropriately supplemented or amended.

8.7 Effectiveness Period. The Company shall use its Reasonable Commercial Efforts to keep each registration statement contemplated hereunder continuously effective under the Securities Act until the date which is the earlier date of when (i) all Registrable Securities covered by such

registration statement have been sold, (ii) all Registrable Securities covered by such registration statement may be sold immediately without registration under the Securities Act and without volume restrictions pursuant to Rule 144 under the Securities Act, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and reasonably acceptable to the Company's transfer agent and the affected holders of Registrable Securities, or (iii) nine months from the effective date of such registration statement.

9. Indemnification. In the event of any piggyback registration of any Warrant Shares under the Securities Act, and in connection with any registration statement or any other disclosure document pursuant to which securities of the Company are sold, the Company will, and hereby does, jointly and severally, indemnify and hold harmless the Holder, its directors, officers, fiduciaries, and agents (each, a "**Covered Person**") against any losses, claims, damages or liabilities, joint or several, to which such Covered Person may be or become subject under the Securities Act, any other securities or other laws of any jurisdiction, common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (1) any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in any registration statement under the Securities Act, any preliminary prospectus or final prospectus included therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or any other such disclosure document, or (2) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, and will reimburse such Covered Person for any legal or any other expenses incurred in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding, provided, however, the Company shall not be liable to any Covered Person in any such case to the extent that any such loss, claim, damage, liability, action or proceeding is determined, by a final, non-appealable judgment by a court or arbitral tribunal of competent jurisdiction, to have arisen out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, amendment or supplement, any document incorporated by reference or other such disclosure document in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such Covered Person specifically stating that it is for use in the preparation thereof.

10. Rights or Liabilities as Stockholder. No Holder shall be entitled to vote or be deemed the holder of any equity securities which may at any time be issuable on the exercise hereof, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise). Notwithstanding the above, so long as Holder holds this Warrant and/or any of the Warrant Shares, the Company shall deliver to Holder (i) promptly, copies of all notices or other written communications to which Holder would be entitled if it held Shares as to which this Warrant was then exercisable, and (ii) within 45 days after the end of each of the first three quarters of each fiscal year, the Company's quarterly, unaudited financial statements and within 90 days after the end of each fiscal year, the Company's annual, audited financial statements; provided, however, that with regard to annual meeting proxy statements and clause (ii) of this Section 10, it is understood and agreed that there shall be no such delivery requirement with respect to any such proxy statements or financial statements if such documents are available on EDGAR.

11. Notices. Any notice or other communication in connection with this Warrant shall be given in writing and directed to the parties hereto as follows: (a) if to the Holder, at the address of the holder in the Warrant Register maintained pursuant to Section 7 hereof, or (b) if to the Company, to the attention of its Chief Executive Officer at its office maintained pursuant to Section 7.2(a) hereof; provided, that the exercise of the Warrant shall also be effected in the manner provided in Section 1 hereof. Notices shall be deemed properly delivered and received when delivered to the notice party (i) if personally delivered, upon receipt or refusal to accept delivery, (ii) if sent via facsimile, upon mechanical confirmation of successful transmission thereof generated by the sending telecopy machine, (iii) if sent by a commercial overnight courier for delivery on the next Business Day, on the first Business Day after deposit with such courier service, (iv) if sent by registered or certified mail, five (5) Business Days after deposit thereof in the U.S. mail, or (v) if sent by email, the date of transmission if such notice or communication is delivered via email at the email address specified in the Credit Agreement prior to 5:00 p.m. (prevailing Pacific time) on a Business Day, or the next Business Day after the date of transmission if such notice or communication is delivered via email at the email address specified in the Credit Agreement on a day that is not a Business Day or later than 5:00 p.m. (prevailing Pacific time) on a Business Day.

12. Payment of Taxes. The Company will pay all documentary stamp taxes attributable to the issuance of shares of Common Stock underlying this Warrant upon exercise of this Warrant; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the transfer or registration of this Warrant or any certificate for shares of Common Stock underlying this Warrant in a name other than that of the Holder. The Holder is responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving shares of Common Stock underlying this Warrant upon exercise hereof.

13. Amendments. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

14. Governing Law. This Warrant shall be construed and enforced in accordance with and governed by the laws of the state of New York. Each of the parties consents to the exclusive jurisdiction of the courts of the state of New York and of the United States District Court for the state of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on *forum non conveniens,* to the bringing of any such proceeding in such jurisdictions. Each party to this Agreement irrevocably consents to the service of process in any such proceeding by any manner permitted by law.

15. Section Headings. The section headings in this Warrant are for purposes of convenience only and shall not constitute a part hereof.

16. Severability. In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby, and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

17. Reasonable Commercial Efforts. When used herein, the term "**Reasonable Commercial Efforts**" means, with respect to the applicable obligation of the Company, reasonable commercial efforts for similarly situated, publicly traded companies.

18. Provisions for the Benefit of the Lenders. Notwithstanding anything herein to the contrary, nothing contained in this Warrant shall affect, limit or impair the rights and remedies of Holder (or its Affiliates) in its capacity as a lender to the Company or any of the Company's subsidiaries pursuant to the Credit Agreement, or any other agreements or instruments entered into in connection therewith. Without limiting the generality of the foregoing, SWK in exercising its rights as Agent or lender will not have any duty to consider (a) its status as a direct or indirect stockholder of the Company and the Company's subsidiaries, (b) the direct or indirect ownership of the Shares, or (c) any duty it may have to any other direct or indirect stockholder of the Company and the Company's subsidiaries, except as may be required under the applicable loan documents.

19. Amendment and Restatement. This Warrant amends, restates and supersedes in all respects the Original Warrant. The Original Warrant is hereby replaced by this Warrant and the Original Warrant is henceforth void and shall be of no further force or effect.

(*Signature on Following Page*)

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed on [_____], 2020, but effective as of the date first above written.

ETON PHARMACEUTICALS, INC.

By:_____
Name:
Title:

[Signature Page to Warrant]

SCHEDULE 1.1 – WARRANT TRANCHES

(To be agreed between the Holder and the Company upon each tranche)

(Last updated: [_____ ___], 2020)

In accordance with Section 1.1(a), this Warrant represents the following Warrant Tranches:

Warrant Tranche	Issue Date	Expiry Date	Warrant Value	Warrant Shares	Exercise Price
SWK W-1	11/13/2019	11/13/2026	$ 300,000	51,239	$ 5.8550
SWK W-2	__/__/2020	__/__/2027	$ 120,000	_____	$ _____

EXHIBIT A FORM OF EXERCISE NOTICE
[To be executed only upon exercise of Warrant]

To ETON PHARMACEUTICALS, INC.:

The undersigned registered holder of the within Warrant hereby irrevocably exercises the Warrant pursuant to Section 1.1 of the Warrant with respect to [_____] Warrant Shares, at an exercise price of $_____ per share, and requests that the certificates for such Warrant Shares be issued, subject to Sections 11 and 12, in the name of and delivered to:

The undersigned is hereby making payment for the Warrant Shares in the following manner:
[check one]

- ♦ by cash in accordance with Section 1.1(c) of the Warrant
- ♦ via cashless exercise in accordance with Section 1.1(d) of the Warrant in the following manner:

The undersigned hereby represents and warrants that it is, and has been since its acquisition of the Warrant, the record and beneficial owner of the Warrant.

Dated:			
Print or Type Name			
(Signature must conform in all respects to name of holder as specified on the face of Warrant)			
(Street Address)			
(City)	(State)	(Zip Code)	

EXHIBIT B FORM OF ASSIGNMENT

[To be executed only upon transfer of Warrant]

For value received, the undersigned registered holder of the within Warrant hereby sells, assigns and transfers unto_____ [include name and addresses] the rights represented by the Warrant to purchase_____ shares of Common Stock of ETON PHARMACEUTICALS, INC. to which the Warrant relates, and appoints_____ Attorney to make such transfer on the books of ETON PHARMACEUTICALS maintained for the purpose, with full power of substitution in the premises.

Dated:					
	(Signature must conform in all respects to name of holder as specified on the face of Warrant)				
	(Street Address)				
	(City)	(State)	(Zip Code)		
Signed in the presence of:					
	(Signature of Transferee)				
	(Street Address)				
	(City)	(State)	(Zip Code)		
Signed in the presence of:					

EXHIBIT B

Updated Disclosure Schedules to the Credit Agreement (as defined herein)

See attached.

DISCLOSURE SCHEDULES

TO THE

First Amendment to Credit Agreement (the "Agreement")

by and among

Eton Pharmaceuticals, Inc.

(the "Borrower")

and

SWK Funding LLC

Dated: March 27, 2020

These Disclosure Schedules (these "***Schedules***" and each, a "***Schedule***") are being delivered in accordance with, and are incorporated and made part of that certain Credit Agreement defined on the cover page to these Schedules (the "***Agreement***"). Capitalized terms used in these Schedules but not otherwise defined herein will have the respective meanings given to them in the Agreement.

These Schedules are arranged corresponding to the numbered and lettered sections of the Agreement, and the disclosures of any section of the these Schedules shall provide information regarding, and qualify only, the corresponding numbered and lettered section of the Agreement, unless and to the extent that (a) cross references to other Sections are set forth in these Schedules or (b) it is reasonably apparent due to the nature of the disclosure that such disclosure qualifies one or more of the numbered or lettered Sections of the Agreement. Each Schedule is qualified in its entirety by reference to a specific representation, warranty, or covenant in the Agreement (as applicable), and is not intended to constitute, and shall not be construed as constituting, any representations, warranties or covenants of the Members, individually or collectively, except as to the extent required by the Agreement. The information in these Schedules shall not be deemed to enlarge or enhance any of the representations or warranties in the Agreement.

The representations and warranties of Borrower set forth in Section 5 of the Agreement are made and given subject to these Schedules and are qualified as set forth herein. These Schedules are incorporated into the Agreement by reference to the Agreement. These Schedules should be read in their entirety.

All identified agreements set forth in these Schedules are between the party listed and the Borrower unless otherwise stated.

Headings have been inserted in these Schedules for convenience of reference only and shall not have the effect of amending or changing the information presented.

Schedule 1.1 – Pending Acquisitions as of the Closing Date

None

Schedule 4.1 – Prior Debt

None

Schedule 5.1 – Jurisdictions of Qualification

- Illinois
- Delaware

Schedule 5.7 – Ownership of Properties; Liens

None

Schedule 5.8 - Capitalization

Name/Group	No. of Shares Owned	% of Total	
5% Shareholders			
Harrow Health, Inc.	3,500,000	17.60	%
Peter Appel	1,249,329	6.28	
Opaleye, L.P. (1)	3,469,456	17.45	
Executive Officers & Directors			
Sean E. Brynjelsen, President & Director	1,049,940	5.28	%
W. Wilson Troutman, Chief Financial Officer	10,838	0.05	
Mark L. Baum, Director	794,745	4.00	
Charles J. Casamento, Director	68,420	0.34	
Paul V. Maier, Director	59,745	0.30	
Norbert G. Riedel, Director	59,745	0.30	
Memo: Total shares outstanding(2)	19,882,486	100.00	%

(1) Opaleye, L.P. shares owned is based on 1,469,456 shares as of February 2020 plus 2,000,000 shares purchased in March 2020.

1)

(2) Total shares outstanding is based on 17,882,486 shares outstanding as of February 2020 plus 2,000,000 shares issued to Opaleye, L.P. in March 2020.

Schedule 5.16 – Insurance

August 12, 2019

SUMMARY OF INSURANCE

For:

Eton Pharmaceuticals

21925 W. Field Parkway Ste235

Barrington, IL 60010-7208

Prepared By:

PLEXUS
STRATEGIC INSURANCE SOLUTIONS

21805 W. Field Parkway, Suite 300
Deer Park, IL 60010
P 847.307.6100 F 847.307.6199
plexusgroupe.com

POLICY INFORMATION

Policy #	Term	Writing Company	Policy Premium
711-01-59-01-0002	06/19/2019 - 06/19/2020	Atlantic Specialty Insurance Company	$10,938.00

PROPERTY

PREMISES

Loc #	Address
1	21925 W Field Parkway, Suite 235, Deer Park, IL 60010 (Offices)
2	85 Oakwood Road, Lake Zurich, IL 60047 (Lab)

Subject of Insurance	Limit	Deductible
Blanket Business Personal Property Including Tenant Improvements and Betterments	$1,202,000	$1,000
Business Income with Extra Expense	$300,000	24 Hours

GENERAL LIABILITY

Coverage	Limit
General Aggregate	$2,000,000
Per Location Aggregate	
Products/Completed Operations Aggregate	Excluded
Personal & Advertising Injury	$1,000,000
Each Occurrence	$1,000,000
Damage to Premises Rented to You	$1,000,000
Medical Expense	$15,000
Employee Benefits Liability – Claims Made	$1,000,000
Employee Benefits Liability Retroactive Date	06/15/2017

This Summary is provided as an overview of your policy. You must refer to the provisions found in your policy for the details of your coverage, terms, conditions and exclusions that apply.

BUSINESS AUTO

Coverage	Limit	Deductible
Hired and Non-owned Auto Liability	$1,000,000	
Hired Auto Comprehensive	$50,000	$500
	$50,000	$500

CRIME

Coverage	Limit	Deductible
Employee Theft Including ERISA	$25,000	$1,000
Forgery or Alteration	$25,000	$1,000
Inside the Premises – Theft of Money and Securities	$25,000	$1,000
Inside the Premises – Robbery or Safe Burglary of Other Property	$25,000	$1,000
Outside the Premises	$25,000	$1,000
Money Orders and Counterfeit Money	$25,000	$1,000

UMBRELLA

Each Occurrence	General Aggregate	Self-Insured Retention
$4,000,000	$4,000,000	$0

POLICY INFORMATION

Policy #	Term	Writing Company	Policy Premium
36051825	06/19/2019 - 06/19/2020	Federal Insurance Company	$51,828.00

PRODUCTS LIABILITY

Claims Made Coverage	Limit
Products Completed Operations Aggregate	$10,000,000
Products Completed Operations Each Occurrence	$10,000 ,000
Human Trials	Included
Bodily Injury and Property Damage Deductible	$25,000
Retroactive Date	02/15/2018
Medical Expenses	$10,000
Product Withdrawal Expense	$25,000

POLICY INFORMATION

This Summary is provided as an overview of your policy. You must refer to the provisions found in your policy for the details of your coverage, terms, conditions and exclusions that apply.

Policy #	Term	Writing Company	Policy Premium
83WECAB6QK0	06/19/2019 - 06/19/2020	Hartford Casualty Ins Co	$8,129.00

WORKERS' COMPENSATION

PART 1 WORKERS' COMPENSATION STATE INFORMATION

Statutory
IL

PART 2 EMPLOYERS LIABILITY INFORMATION

Coverage	Limit
Each Accident	$1,000,000
Disease-Policy Limit	$1,000,000
Disease-Each Employee	$1,000,000

Schedule 5.18(a) – Borrower's Registered Intellectual Property

- Licenses
    - Biorphen.com: Biorphen trade name is registered to another party, Sintetica, but Eton is granted the right to use it in the United States
- Trademarks
    - Eton, Serial No. 87443236
    - Eton Pharmaceuticals, Serial No. 87443234
- Websites
    - EtonPharma.com

Schedule 5.18(b) – Products and Required Permits

- Eton is currently working on licensing Biorphen so that it can be sold as an "approved product" throughout the US. Currently, those licenses are in progress. Additionally, there is an approved third-party that Eton is working with to sell Biorphen; that third-party is already licensed which would help cut down on approval and processing times.

Schedule 5.21 – Material Contracts

All material contracts disclosed as in Eton's 10-K filing for the year ending December 31, 2019 and subsequent 8-K filings.

Schedule 5.25A - Names

- Eton Pharmaceuticals, Inc.

Schedule 5.25B - Offices

- 21925 W Field Parkway, Suite #235, Deer Park, IL 60010

Schedule 5.27 – Broker's Commissions

None

Schedule 5.29 – Restricted Assignment Agreements

None

Schedule 7.1 – Existing Debt

None

Schedule 7.2 – Existing Liens

None

Schedule 7.7 – Transactions with Affiliates

Certain Relationships and Transactions with Related Parties

The following includes a summary of transactions since January 1, 2018 to which we have been a party, in which the amount involved in the transaction exceeded $120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than five percent of our voting securities or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest. Other than described below, there have not been, nor are there currently any proposed, transactions or series of similar transactions to which we have been or will be a party other than compensation arrangements, which include equity and other compensation, termination, change in control and other arrangements, which are described under "Executive compensation."

Our Chief Executive Officer, Sean Brynjelsen, has a material ownership interest in several companies from which we have licensed or acquired product development and marketing rights. Set forth below is a tabular presentation of these arrangements:

Licensor/Seller	Product	Mr. Brynjelsen's % Ownership Interest in Licensor/Seller
Andersen Pharma, LLC	DS-100	27%
Eyemax LLC	EM-100	33%
Selenix LLC	DS-200	50%

We are required to pay to the above parties licensing fees, milestone payments and royalty payments. We believe the terms of the transactional agreements, including the licensing fees, milestone payments and royalty payments, approximate the terms and payments we could have obtained in an arms' length transaction with an unaffiliated party.

Indemnification Agreements

We have entered into agreements to indemnify our directors and executive officers. These agreements will, among other things, require us to indemnify these individuals for certain expenses (including attorneys' fees), judgments, fines and settlement amounts reasonably incurred by such person in any action or proceeding, including any action by or in our right, on account of any services undertaken by such person on behalf of our company or that person's status as a member of our board of directors to the maximum extent allowed under Delaware law.

Participation in our initial public offering

Certain of our stockholders, including stockholders affiliated with certain of our directors and officers, purchased an aggregate of $240,000 in shares of our common stock in our initial public offering in 2018 at the initial public offering price (40,000 shares at $6.00 per share). The underwriting discount for the shares sold to such stockholders in the initial public offering was the same as the underwriting discount for the shares sold to the public.

Schedule 7.10 – Existing Investments

None

Schedule 7.11 – Restricted Material Contracts

None

Schedule 7.14 – Deposit Accounts

- Bank of America ABA 026009593 Account # 858000077735 (Main account – Oper. Acct)
- Bank of America ABA 026009593 Account # 858000077887 (NOW account – Invest. Acct)
- Account Holder is Eton Pharmaceuticals, Inc.
- Bank Contact
  Bank of America
  135 S. LaSalle Street
  Chicago, IL 60603-4157
  Laura Flores
  Phone: (312) 992-9908
  laura.flores@baml.com

Exhibit 99.1

Eton Pharmaceuticals Announces Acquisition of U.S Marketing Rights to Pediatric Orphan Drug Alkindi® Sprinkle

-Estimated Market Opportunity of Greater than $100 Million

-Alkindi Sprinkle NDA has been Assigned a September 29, 2020 Prescription Drug User Fee Act Date

-Alkindi Sprinkle has been Granted Orphan Drug Designation for Adrenal Insufficiency in Pediatric Patients

-Eton Executed $7.8 Million Equity Financing and $2.0 Million Amended Credit Facility to Support Alkindi Sprinkle Transaction

DEER PARK, Ill., March 27, 2020 (GLOBE NEWSWIRE) — Eton Pharmaceuticals, Inc (Nasdaq: ETON), a specialty pharmaceutical company focused on developing and commercializing innovative drug products, today announced that it has acquired U.S. marketing rights to Alkindi® Sprinkle from Diurnal Group plc (AIM: DNL).

Alkindi Sprinkle's New Drug Application (NDA) is currently under review with the U.S Food and Drug Administration (FDA) for approval as a replacement therapy for pediatric adrenal insufficiency (AI), including congenital adrenal hyperplasia (CAH) in patients from birth to less than 17 years of age. The application has been assigned a Prescription Drug User Fee Act (PDUFA) date of September 29, 2020.

"Alkindi Sprinkle represents a transformational acquisition for Eton and a major step forward on our journey to become a leader in pediatric rare disease products. This product represents the largest market opportunity within our pipeline and adds a major near-term product launch," said Sean Brynjelsen, CEO of Eton Pharmaceuticals. "We are excited to be partnering with Diurnal to bring Alkindi Sprinkle to pediatric patients, and we plan to immediately begin launch activities to ensure its commercial success."

"We have been impressed by Eton's enthusiasm and vision for the product throughout the Alkindi Sprinkle partnering process," said Martin Whitaker, CEO of Diurnal Group plc. "If approved, Alkindi Sprinkle will provide a major breakthrough in the US as the only licensed treatment specifically designed for use in children with adrenal insufficiency, where there is a significant unmet patient need."

Strategic Rationale

- **Advances Eton's leadership in pediatric rare diseases products**. Alkindi Sprinkle is a strong strategic fit with Eton's existing pediatric portfolio. Eton is committed to developing and bringing to market innovative products that are designed to address unmet needs for pediatric patients by improving product safety, efficacy, or treatment adherence through precision dosing and improved routes of administration.

- **$100 million market opportunity**. Eton estimates approximately 5,000 pediatric patients suffer from adrenal insufficiency in the United States, and current FDA-approved treatment options do not offer physicians the ability to properly dose and titrate for many of these pediatric patients.

- **High-value product with strong intellectual property protection.** Alkindi Sprinkle has been granted Orphan Drug Designation from the FDA and has been issued three U.S patents extending to 2034.

- **Major near-term product launch**. Alkindi Sprinkle's NDA has been assigned a PDUFA date of September 29, 2020.

Alkindi® Sprinkle Overview

Alkindi Sprinkle is a taste neutral sprinkle (granule) formulation of hydrocortisone seeking approval as a replacement therapy for pediatric adrenal insufficiency (AI), including congenital adrenal hyperplasia (CAH) in patients from birth to less than 17 years of age. If approved, Alkindi Sprinkle would be the first Adrenal Insufficiency replacement therapy specifically designed and developed for children.

Adrenal insufficiency is a condition in which the adrenal glands do not produce adequate amounts of cortisol and is often caused by Addison's Disease or Congenital Adrenal Hyperplasia (CAH). Insufficient levels of cortisol in children may cause delayed or stunted physical development, reproductive irregularities, and can be potentially fatal.

Hydrocortisone is currently the standard of care for adrenal insufficiency, however oral hydrocortisone is only FDA-approved in high-strength tablet formulations designed for adult patients. The lowest tablet strength currently available is 5mg, but many pediatric patients require significantly lower doses and the flexibility for precision titration. To address this unmet need, caregivers are often required to attempt to split tablets into fractional doses, which exposes patients to the significant risk of over- or under-dosing. Alkindi Sprinkle will be available in strengths of 0.5mg, 1mg, 2mg, and 5mg to provide patients with optimal precision and flexibility.

The FDA has granted Alkindi Sprinkle Orphan Drug Designation and as a result, the product is expected to receive seven years of Orphan Drug Exclusivity after approval. In addition, Diurnal has been issued three formulation and method of use patents in the United States which extend out as far as 2034. All three patents are expected to be Orange Book listed after the product's approval. The safety and efficacy of the product is supported by six clinical, bioequivalence, and safety studies conducted by Diurnal prior to the submission of the product's NDA.

The product was approved in Europe in 2018 under the trade name Alkindi and has been launched in select countries throughout Europe. Diurnal has seen very high rates of Alkindi adoption among newly diagnosed adrenal insufficiency patients in the countries where the product is available.

Eton believes the market opportunity for Alkindi Sprinkle in the United States is greater than $100 million annually.

Transaction Details

Upon execution of the agreement, Eton paid to Diurnal $3.5 million of cash and issued Diurnal 379,474 shares of Eton common stock, representing approximately $1.5 million based on Eton's average fifteen-day trailing stock price. Upon commercial launch of the product with Orphan Drug Exclusivity granted, Eton will pay to Diurnal a cash milestone payment of $2.5 million.

Diurnal is entitled to commercial milestone payments upon Alkindi Sprinkle's achievement of certain net sales thresholds, including:

- $1 million when net sales exceed $10 million in a calendar year
- $4 million when net sales exceed $25 million in a calendar year
- $7.5 million when net sales exceed $50 million in a calendar year
- $12.5 million when net sales exceed $100 million in a calendar year
- $20 million when net sales exceed $200 million in a calendar year

In addition, Diurnal will receive a tiered royalty ranging from a low double-digit to high teens percentage on net sales of Alkindi Sprinkle.

Financing

In conjunction with the Alkindi Sprinkle transaction, Eton has executed agreements to raise $7.8 million from the sale of 2.6 million shares of common stock at $3.00 per share. The equity financing was led by Opaleye Management. In addition, Eton's credit facility with SWK Holdings was amended to allow Eton the immediate option to draw $2 million of debt financing and the option to draw an additional $3 million after the approval of Alkindi Sprinkle. The financing proceeds will be used to support current and future licensing payments to Diurnal, as well as Alkindi Sprinkle-related launch expenses.

About Eton Pharmaceuticals

Eton Pharmaceuticals, Inc. is a specialty pharmaceutical company focused on developing, acquiring, and commercializing innovative products. Eton is primarily focused on hospital injectable and pediatric oral liquid products. The company's first commercial product, Biorphen, is the only FDA approved ready-to-use formulation of phenylephrine injection and was launched in December 2019. The company has an additional eight products under development, including three that are under review with the FDA.

About Diurnal Group plc

Founded in 2004, Diurnal is a UK-based specialty pharma company developing high quality products for the global market for the life-long treatment of chronic endocrine conditions, including congenital adrenal hyperplasia and adrenal insufficiency. Its expertise and innovative research activities focus on circadian-based endocrinology to yield novel product candidates in the rare and chronic endocrine disease arena.

Forward-Looking Statements

Statements contained in this press release regarding matters that are not historical facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements associated with the expected ability of Eton to undertake certain activities and accomplish certain goals and objectives. These statements include but are not limited to statements regarding Eton’s business strategy, Eton’s plans to develop and commercialize its product candidates, the safety and efficacy of Eton’s product candidates, Eton’s plans and expected timing with respect to regulatory filings and approvals, and the size and growth potential of the markets for Eton’s product candidates. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Words such as “believes,” “anticipates,” “plans,” “expects,” “intends,” “will,” “goal,” “potential” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon Eton’s current expectations and involve assumptions that may never materialize or may prove to be incorrect. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of various risks and uncertainties, which include, without limitation, risks associated with the process of discovering, developing and commercializing drugs that are safe and effective for use as human therapeutics, and in the endeavor of building a business around such drugs. These and other risks concerning Eton’s development programs and financial position are described in additional detail in Eton’s filings with the Securities and Exchange Commission. All forward-looking statements contained in this press release speak only as of the date on which they were made. Eton undertakes no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they were made.

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