#### DR. CHARLES P. EHLEN

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August 10, 2020

Honorable Karen B. Owens United States Bankruptcy Court District of Delaware 824 North Market Street, 3rd Floor Wilmington, DE 19801

RE: Akorn, Inc., et al. Case Number: 20-30608

Dear Judge Owens,

In a message to our Stakeholders, the company writes:

On May 20, 2020, Akorn, Inc. and its U.S. subsidiaries filed for voluntary protection under Chapter 11 of the U.S. Bankruptcy Code in order to execute an in-court sale of the business while addressing litigation-related overhangs and best positioning the business for long-term **success under new** ownership.

The company message concludes with:

We expect that our stock will continue to trade over-the-counter until our business emerges from Chapter 11, at which time we will be under a new ownership structure and **current equity** interests will be cancelled.

As a significant stockholder of Akorn, Inc. and a retired physician, I have great concern that the company and its lenders are using the U.S Bankruptcy Code as a "quick fix" to the cure the financial issues created by the company's management and their lenders i.e Stalking Horse (or as I see it "Stealing Horse"). In preparation for their bankruptcy filing the company has written off over \$640,000,000 of company assets versus diligently deploying those assets for the benefit of the current owners. It is my opinion that the company management and their lenders have conspired to "steal" the equity interests of Akorn, Inc.'s stockholders.

Additionally, it has proven to be very difficult, if not impossible to locate a detailed list of assets which would be the basis for submitting a bid by stockholders or other parties. I believe that this point in time represents a unique opportunity as pharmaceutical manufacturing is coming back to the USA as demonstrated by Eastman Kodak's \$768M loan from the federal government to support that company's entry into pharmaceutical manufacturing.

I'm also concerned that as a stockholder I was never informed that John Kapoor, Akorn's former Chairman of the Board, has been convicted and sentenced to jail for illegal pharmaceutical



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management practices. Further more I have been unsuccessful in locating any information as to the disposition of Mr. Kapoor's 25% stock holdings in Akron, Inc.

I will certainly cast my vote to reject the proposed Chapter 11 plan. I hope that a majority of the current stockholders will also reject the plan. If they do not, I begs the question....why not?

My hope is that I have raised your curiosity and questions about the ethics and intent of this filing. Thank you for you for considering the stockholder's interests as you preside over this case and I am available to discuss additional details with you or staff at your convenience

Respectfully,

There P. Ehlen

Dr. Charles P. Ehlen

P.S. My investment in Akorn, Inc. was based on the company's distribution rights for an oral medication for the treatment of diarrhea. I believe that drug has been misclassified by the FDA, under utilized by management and represents a huge potential for the company. The unfortunate reality is that this "miracle drug" has been shelved since the early 1970's and resulted in the consumers and medical community have lost the benefits of this drug. My hope was that I could work with management to obtain appropriate FDA reclassification and the distribution of the medication for the significant financial benefit of the company and health benefits to the consumer.

Stock price - August 2015 @ \$43.68 August 2018 @ \$18.59 and August 2020 @ \$0.08

See enclosures: Condensed Financial Information 2017 - 2020

### PART I. FINANCIAL INFORMATION Item 1. Financial Statements.

Certain prior-period amounts have been reclassified to conform to current-period presentation including cost of sales, selling, general and administrative expenses and other non-operating income (expense), net on the condensed consolidated statements of comprehensive (loss) income and condensed consolidated statements of cash flows.

### AKORN, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (In Thousands, Except Share Data)

	June 30, 2018 (Unaudited)		Dece	mber 31, 2017
ASSETS .				
CURRENT ASSETS				
Cash and cash equivalents	\$	296,782	\$	368,119
Trade accounts receivable, net		187,318		141,383
Inventories, net		191,041		183,568
Prepaid expenses and other current assets		27,613		37,081
TOTAL CURRENT ASSETS		702,754		730,151
PROPERTY, PLANT AND EQUIPMENT, NET		328,909		313,418
OTHER LONG-TERM ASSETS				
Goodwill		284,115		285,310
Intangible assets, net		459,812		569,484
Deferred tax assets		6,319		6,521
Other non-current assets		4,647		4,627
TOTAL OTHER LONG-TERM ASSETS		754,893		865,942
TOTAL ASSETS	\$	1,786,556	\$	1,909,511
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade accounts payable	\$	50,663	\$	51,976
Purchase consideration payable		201		3,901
Income taxes payable		6,792		15,775
Accrued royalties		6,627		5,902
Accrued compensation		17,239		12,286
Accrued administrative fees		35,763		38,598
Accrued expenses and other liabilities		60,946		42,651
TOTAL CURRENT LIABILITIES		178,231		171,089
LONG-TERM LIABILITIES:				
Long-term debt (net of non-current deferred financing costs)		817,803		815,195
Deferred tax liability		19,929		43,404
Other long-term liabilities		48,758		48,578
TOTAL LONG-TERM LIABILITIES		886,490		907,177
TOTAL LIABILITIES		1,064,721		1,078,266
SHAREHOLDERS' EQUITY				
Common stock, no par value – 150,000,000 shares authorized; 125,404,158 and 125,090,522 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively		564,988		550,472
Retained earnings		178,010		294,741
Accumulated other comprehensive loss		(21,163)		(13,968)
TOTAL SHAREHOLDERS' EQUITY		721,835		831,245
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	1,786,556	\$	1,909,511

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#### AKORN, INC.

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (In Thousands, Except Per Share Data) (Unaudited)

	Three Months Ended June 30,			Ended	Six Months Ended June 30,					
		2018		2017		2018		2017		
Revenues, net	\$	190,944	\$	199,140	\$	375,007	\$	452,560		
Cost of sales (exclusive of amortization of intangibles, included within										
operating expenses below)		109,665		96,371		211,500		201,022		
GROSS PROFIT		81,279		102,769		163,507		251,538		
Selling, general and administrative expenses		83,694		53,981		146,677		101,564		
Acquisition-related costs		64		76		75		87		
Research and development expenses		74,271		15,876		105,238		27,167		
Amortization of intangibles		13,182		15,504		26,372		30,975		
Impairment of intangible assets		1,634		3,058		2,126		3,058		
TOTAL OPERATING EXPENSES		172,845		88,495		280,488	_	162,851		
OPERATING (LOSS) INCOME		(91,566)		14,274		(116,981)		88,687		
Amortization of deferred financing costs		(1,304)		(1,304)		(2,608)		(2,608)		
Interest expense, net		(11,062)		(9,380)		(20,640)		(18,946)		
Other non-operating income, net		(324)		3,160		(54)		4,943		
(LOSS) INCOME BEFORE INCOME TAXES		(104,256)		6,750		(140,283)		72,076		
Income tax (benefit) provision		(16,272)		4,213		(23,552)		28,512		
CONSOLIDATED NET (LOSS) INCOME	\$	(87,984)	\$	2,537	\$	(116,731)	\$	43,564		
CONSOLIDATED NET (LOSS) INCOME PER SHARE										
CONSOLIDATED NET (LOSS) INCOME PER SHARE, BASIC	\$	(0.70)	\$	0.02	\$	(0.93)	\$	0.35		
CONSOLIDATED NET (LOSS) INCOME PER SHARE, DILUTED	\$	(0.70)	\$	0.02	\$	(0.93)	\$	0.35		
SHARES USED IN COMPUTING NET (LOSS) INCOME PER SHARE										
BASIC		125,332		124,660		125,286		124,541		
DILUTED		125,332		125,194		125,286	_	124,855		
COMPREHENSIVE (LOSS) INCOME										
Consolidated net (loss) income	\$	(87,984)	\$	2,537	\$	(116,731)	\$	43,564		
Unrealized holding (loss) gain on available-for-sale securities, net of tax of \$1 and (\$85) for the three months ended June 30, 2018 and 2017, and \$1 and (\$160) for the six month periods ended June 30, 2018 and 2017										
respectively.		(4)		144		(5)		272		
Foreign currency translation (loss) gain		(6,350)		1,239		(7,198)		5,265		
Pension liability adjustment gain, net of tax of (\$1) and (\$6) for the three months ended June 30, 2018 and 2017, and (\$2) and (\$63) for the six month										
periods ended June 30, 2018 and 2017 respectively.		4		24		8		247		
COMPREHENSIVE (LOSS) INCOME	\$	(94,334)	\$	3,944	\$	(123,926)	\$	49,348		

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## AKORN, INC. CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2018 (In Thousands)

	Shares	Common Stock								Retained Earnings				Other Comprehensive Loss	Total
BALANCES AT DECEMBER 31, 2017	125,091	\$	550,472	\$	294,741	\$ (13,968)	\$ 831,245								
Consolidated net (loss)	_		_		(116,731)		(116,731)								
Exercise of stock options	22		546		_		546								
Compensation and share issuances related to restricted stock awards	170		5,817		_	-	5,817								
Stock-based compensation expense - stock options	_		5,636		_		5,636								
Foreign currency translation loss	_		_		_	(7,198)	(7,198)								
Stock compensation plan withholdings for employee taxes	(25)		(292)		-		(292)								
Unrealized holding loss on available-for-sale securities	_		_			(5)	(5)								
Akorn AG pension liability adjustment	_		_		_	8	8								
Employee stock purchase plan	146		2,809			_	2,809								
BALANCES AT JUNE 30, 2018 (unaudited)	125,404	\$	564,988	\$	178,010	\$ (21,163)	\$ 721,835								

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## AKORN, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands) (Unaudited)

#### Six Months Ended June 30,

	June 30,			
		2018		2017
OPERATING ACTIVITIES:				
Consolidated net (loss) income	\$	(116,731)	\$	43,564
Adjustments to reconcile consolidated net income to net cash (used in) provided by operating activities:				
Depreciation and amortization		40,439		42,212
Amortization of debt financing costs		2,608		2,608
Impairment of intangible assets		83,349		8,079
Non-cash stock compensation expense		11,453		9,844
Income from available-for-sale securities		_		(3,032)
Deferred income taxes, net		(24,512)		(2,341)
Loss on sale of available-for-sale securities		_		196
Other		481		(288)
Changes in operating assets and liabilities:				
Trade accounts receivable		(45,893)		105,848
Inventories, net		(7,735)		(6,225)
Prepaid expenses and other current assets		8,176		2,078
Trade accounts payable		602		(13,465)
Accrued expenses and other liabilities		16,490		(30,051)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$	(31,273)	\$	159,027
INVESTING ACTIVITIES:				
Proceeds from disposal of assets		20		4,811
Payments for intangible assets		(50)		(200)
Purchases of property, plant and equipment		(35,862)		(50,072)
NET CASH USED IN INVESTING ACTIVITIES	\$	(35,892)	\$	(45,461)
FINANCING ACTIVITIES:				
Proceeds from the exercise of stock options		254		6,897
Payment of contingent acquisition liabilities		(4,793)		_
Lease payments		(6)		_
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	\$	(4,545)	\$	6,897
Effect of exchange rate changes on cash and cash equivalents		(560)		626
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$	(72,270)	\$	121,089
Cash and cash equivalents, and restricted at beginning of period		369,889		204,034
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$	297,619	\$	325,123
SUPPLEMENTAL DISCLOSURES:				
Amount paid for interest	\$	25,462	\$	22,124
Amount paid for income taxes, net	\$	9,260	\$	43,901
Additional capital expenditures included in accounts payable	\$	12,010	\$	8,806

PROPERTY, PLANT AND EQUIPMENT, NET         294,99         295,33           OTHER LONG-TERM ASSETS         Cooled         ————————————————————————————————————			arch 31, 2020 (Unaudited)		December 31, 2019		
Cash and cash equivalents         \$ 72,181         \$ 144,604           Trade accounts receivable, net         187,218         134,173           Inventiories, et         172,59         170,704           Pepald expenses and other current assets         58,868         31,023           TOTAL CURRENT ASSETS         294,99         295,533           OFFICE INTERIORIST         30,000         204,955         205,793           Intangible assets, net         20,005         21,801         22,445         60,600         21,802         22,445         60,600         21,802         22,445         60,600         21,802         22,445         60,600         21,802         22,445         60,600         21,802         22,445         60,600         21,802         22,445         60,600         21,802         22,445         60,600         21,802         22,445         60,600         22,445         60,600         22,445         60,600         22,445         60,600         22,445         60,600         22,445         60,600         22,445         60,600         22,445         60,600         60,600         60,600         60,600         60,600         60,600         60,600         60,600         60,600         60,600         60,600         60,600         60,600	ASSETS				. = = 1000 1		
Trade accounts receivable, net         187,218         134,173           Inventories, net         172,597         170,047           Prepaid expenses and other current assets         58,686         31,023           TOTAL CURRENT ASSETS         490,864         480,047           PROPERTY, PLANT AND EQUIPMENT, NET         294,999         295,533           OTHER LONG-TERM ASSETS         200,659         215,801           Right-of-use assets, net - Operating leases         21,922         22,445           Other non-current assets         15,271         6,890           TOTAL ONG-TERM ASSETS         21,932         51,303           TOTAL OSSETS         21,932         51,303           TOTAL ASSETS         31,118         5           URRENT LIABILITIES         31,118         5           URRENT LIABILITIES         31,118         5           Toda counts payable         31,015         44,958           Accrued royalties         8,953         13,005           Accrued compensation         2,953         31,125           Current portion of long-term debt (net of deferred financing costs)         35,527         43,232           Accrued expenses and onthe liabilities         2,943         2,963           Current portion of long-term de	CURRENT ASSETS						
Inventories, net	Cash and cash equivalents	\$	72,181	\$	144,804		
Prepaid expenses and other current assers         58,684         31,023           TOTAL CURRENT ASSETS         490,644         490,645           OCTOPALLY PLANT AND EQUIPMENT, NET         295,233           OCTOPAL CONGRERM ASSETS         ————————————————————————————————————	Trade accounts receivable, net		187,218		134,173		
TOTAL CURRENT ASSETS         490,064         480,047           PROPERTY, PLANT AND EQUIPMENT, NET         294,99         295,933           OTHER LONG-TERM ASSETS         —         267,923           Intagible assets, net         209,659         215,801           Right-of use assets, net - Operating leases         211,932         22,445           Other non-current assets         115,271         6,890           TOTAL OTHER LONG-TERM ASSETS         246,912         51,080           TOTAL ASSETS         246,912         51,080           TOTAL ASSETS         81,032,275         \$ 1,080           URBRITTES         31,118         4,958           Income taxes payable         81,111         —           Income taxes payable         89,33         5,956           Accrued royalties         89,33         5,956           Accrued ompensation         85,362         83,322           Current portion of long-term debt (net of deferred financing costs)         835,627         843,228           Current portion of long-term debt (net of deferred financing costs)         835,627         843,228           Current portion of long-term debt (net of deferred financing costs)         853,627         843,228           Current portion of long-term debt (net of deferred financing costs) <td>Inventories, net</td> <td></td> <td>172,597</td> <td></td> <td>170,047</td>	Inventories, net		172,597		170,047		
PROPERTY, PLANT AND EQUIPMENT, NET         294,93         295,33           OTHEL LONG-TERM ASSETS         3         67,92           Goodwill         —         67,923         15,80           Riphto-fuse assets, net         209,659         215,801         20,805         215,801         20,805         215,801         20,805         215,801         20,805	Prepaid expenses and other current assets		58,868		31,023		
TOTRE LONG-TERM ASSETS         Composition of Composition Seases, net - Operating leases         20,562         215,803         215,803         215,803         22,445         20,605         215,803         22,445         20,605         22,445         20,605         22,445         20,605         22,445         20,605         22,445         20,605         22,445         20,605         20,505	TOTAL CURRENT ASSETS		490,864		480,047		
Goodwill   Goodwill	PROPERTY, PLANT AND EQUIPMENT, NET		294,499		295,533		
Intangible assets, net   20,5651   21,5801   22,445   22,445   22,445   22,445   23,5001   23,	OTHER LONG-TERM ASSETS						
Right-of-use assets, net - Operating leases         21,982         22,445           Other non-current asset         15,271         6,890           TOTAL ASSETS         2 1032,275         \$ 1,305,305           TOTAL ASSETS         \$ 1,032,275         \$ 1,288,630           LIBILITIES AND SHAREHOLDERS' EQUITY           Tarda excounts payable         \$ 31,118         \$ 44,958           Income taxes payable         181         \$ 2           Accrued royalties         85,952         \$ 31,005           Accrued compensation         855,267         843,328           Current portion of long-term debt (net of deferred financing costs)         855,267         843,228           Accrued administrative fees         30,357         31,725           Current portion of lease liability - Operating leases         14,873         22,672           Current portion of lease liability - Operating leases         98,503         98,587           TOTAL CURRENT LIABILITIES         2         2           Deferred tailability         2         2           Uncertain tax liabilities         2         2         2           Deferred tailability         3         1,936         3,936         3,936         3,936         3,936         3,936<	Goodwill		_		267,923		
Right-of-use assets, net - Operating leases         21,982         22,445           Other non-current asset         15,271         6,890           TOTAL ASSETS         2 1032,275         \$ 1,305,305           TOTAL ASSETS         \$ 1,032,275         \$ 1,288,630           LIBILITIES AND SHAREHOLDERS' EQUITY           Tarda excounts payable         \$ 31,118         \$ 44,958           Income taxes payable         181         \$ 2           Accrued royalties         85,952         \$ 31,005           Accrued compensation         855,267         843,328           Current portion of long-term debt (net of deferred financing costs)         855,267         843,228           Accrued administrative fees         30,357         31,725           Current portion of lease liability - Operating leases         14,873         22,672           Current portion of lease liability - Operating leases         98,503         98,587           TOTAL CURRENT LIABILITIES         2         2           Deferred tailability         2         2           Uncertain tax liabilities         2         2         2           Deferred tailability         3         1,936         3,936         3,936         3,936         3,936         3,936<	Intangible assets, net		209,659		215,801		
Other non-current assets         15,271         6,890           TOTAL OTHER LONG-TERM ASSETS         246,912         51,056           TOTAL ASSETS         \$ 1,032,75         \$ 1,286,639           LABILITIES AND SHAREHOLDERS' EQUITY           URRENT LIABILITIES           Trade accounts payable         \$ 31,118         \$ 44,958           Income taxes payable         181         —           Accrued roughties         8,953         13,005           Accrued compensation         42,563         13,005           Current portion of long-term debt (net of deferred financing costs)         853,627         843,328           Accrued administrative fees         30,537         13,725           Current portion of long-term debt (net of deferred financing costs)         853,627         843,328           Accrued administrative fees         30,537         13,725           Current portion of accrued legal fees and contingencies         14,873         26,523           Current portion of accrued legal fees and contingencies         2,684         2,633           TOTAL CURRENT LIABILITIES         2,684         2,633           Deferred tax liability         3,000         3,000           Long-term portion of accrued legal fees and contingencies         3,100         <	_		•		•		
TOTAL OTHER LONG-TERM ASSETS         2 46,103         5 1,032,05         5 1,286,63           TOTAL ASSETS         \$ 1,032,25         \$ 1,286,63           ELIBILITIES AND SHAREHOLDERS' EQUITY           URRENT LIABILITIES           Tade accounts payable         \$ 31,111         \$ 44,958           Income taxes payable         8,953         5,956           Accrued rongation         853,627         863,362           Current portion of long-rem debt (net of deferred financing costs)         30,537         31,725           Current portion of accrued legal fees and contingencies         14,873         23,673           Current portion of lease liability - Operating leases         98,560         98,587           Current portion of lease liability - Operating leases         98,502         98,587           DUCCTEREM LIABILITIES         98,502         98,587           Uncertain tax liabilities         2,64         2,63           Long-term portion of accrued legal fees and contingencies         31,16         33,00           Long-term lease liability - Operating leases         21,47         2,02           Uncertain tax liabilities         2,64         2,63           Long-term portion of accrued legal fees and contingencies         31,16         33,00 <td< td=""><td>Other non-current assets</td><td></td><td>•</td><td></td><td></td></td<>	Other non-current assets		•				
TOTAL ASSETS         \$ 1,032,275         \$ 1,288,639           LIABILITIES AND SHAREHOLDERS' EQUITY         \$ 31,118         \$ 44,958           Trade accounts payable         \$ 31,118         \$ 44,958           Income taxes payable         8,953         5,956           Accrued royalties         8,953         13,005           Accrued compensation         24,563         13,005           Current portion of long-term debt (net of deferred financing costs)         853,627         843,328           Accrued administrative fees         30,537         31,725           Current portion of accrued legal fees and contingencies         14,873         22,607           Current portion of lease liability - Operating leases         98,503         98,587           Accrued expenses and other liabilities         985,03         98,587           TOTAL CURRENT LIABILITIES         985,03         98,587           Uncertain tax liabilities         2,684         2,633           Long-term lease liability - Operating leases         21,427         2,022           Uncertain tax liabilities         31,60         33,00           Long-term portion of accrued legal fees and contingencies         31,60         33,00           Long-term lease liability - Operating leases         10,80         10,80	TOTAL OTHER LONG-TERM ASSETS	***************************************			<del></del>		
CURRENT LIABILITIES   Trade accounts payable   \$ 31,118   \$ 44,958     Income taxes payable   \$ 8,953   \$ 5,956     Accrued royalties   \$ 8,953   \$ 5,956     Accrued compensation   24,563   \$ 13,005     Current portion of long-term debt (net of deferred financing costs)   853,627   \$ 843,228     Accrued administrative fees   30,537   \$ 31,725     Current portion of accrued legal fees and contingencies   14,873   23,673     Current portion of lease liability - Operating leases   2,401   2,290     Accrued expenses and other liabilities   985,603   985,587     LONG-TERM LIABILITIES   985,603   985,587     Current portion of accrued legal fees and contingencies   2,684   2,633     Long-term lease liability - Operating leases   2,684   2,633     Long-term portion of accrued legal fees and contingencies   31,160   33,000     Pension obligations and other liabilities   10,895   10,881     TOTAL LONG-TERM LIABILITIES   5 66,166   68,760     TOTAL LONG-TERM LIABILITIES   10,895   10,881     TOTAL LONG-TERM LIABILITIES   10,895   10,881     TOTAL LONG-TERM LIABILITIES   5 6,769     Common stock, no par value - 150,000,000 shares authorized; no shares issued or outstanding at March 31, 202     Common stock, no par value - 150,000,000 shares authorized; no shares issued or outstanding at March 31, 202     Accumulated deficit   59,833   383,338     Accumulated deficit   59,9665   333,338     Accumulated other comprehensive (loss)   (27,702)   (27,291)     TOTAL SHAREHOLDERS' EQUITY   (19,494)   234,232	TOTAL ASSETS	\$	1,032,275	\$	<del></del>		
CURRENT LIABILITIES           Trade accounts payable         \$ 31,118         \$ 44,958           Income taxes payable         181         —           Accrued royalties         8,953         5,956           Accrued compensation         24,563         13,005           Current portion of long-term debt (net of deferred financing costs)         853,627         843,328           Accrued administrative fees         30,537         31,725           Current portion of accrued legal fees and contingencies         14,873         23,673           Current portion of accrued legal fees and contingencies         2,401         2,290           Accrued expenses and other liabilities         985,603         985,587           CURCENTERM LIABILITIES         985,603         985,587           EDeferred tax liability         5         2           Uncertain tax liabilities         2,684         2,633           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         31,160         33,000           Pension obligations and other liabilities         66,66         66,760           TOTAL LONG-TERM LIABILITIES         66,166         66,760           TOTAL LONG-TERM LIABILITIES         56,86 <td>LIABILITIES AND SHAREHOLDERS' FOUITY</td> <td></td> <td></td> <td>-</td> <td></td>	LIABILITIES AND SHAREHOLDERS' FOUITY			-			
Trade accounts payable         \$ 31,118         \$ 44,958           Income taxes payable         181         —           Accrued royalties         8,953         5,956           Accrued compensation         24,563         13,005           Current portion of long-term debt (net of deferred financing costs)         853,627         843,328           Accrued administrative fees         30,537         31,725           Current portion of accrued legal fees and contingencies         14,873         23,673           Current portion of lease liability - Operating leases         2,401         2,290           Accrued expenses and other liabilities         985,603         985,587           LONG-TERM LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         2,664         2,633           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         66,166         68,760           TOTAL LIABILITIES         598,873         595,521           Common stock, no	•						
Income taxes payable		\$	31 118	\$	44 958		
Accrued royalties         8,953         5,956           Accrued compensation         24,563         13,005           Current portion of long-term debt (net of deferred financing costs)         853,627         843,328           Accrued administrative fees         30,537         31,725           Current portion of accrued legal fees and contingencies         14,873         23,673           Current portion of lease liability - Operating leases         2,401         2,239           Accrued expenses and other liabilities         19,350         20,652           TOTAL CURRENT LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         -         2           Uncertain tax liability         -         2         2           Uncertain tax liabilities         2,684         2,633         2 <t< td=""><td>. •</td><td>•</td><td>•</td><td>•</td><td>44,550</td></t<>	. •	•	•	•	44,550		
Accrued compensation         24,563         13,005           Current portion of long-term debt (net of deferred financing costs)         853,627         843,328           Accrued administrative fees         30,537         31,725           Current portion of accrued legal fees and contingencies         14,873         23,673           Current portion of lease liability - Operating leases         2,401         2,290           Accrued expenses and other liabilities         19,350         20,652           TOTAL CURRENT LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         -         2,684         2,633           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         1,051,769         1,054,347           SHAREHOLDERS' EQUITY           Preferred stock, \$1 par value - 5,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.         598,873					5 956		
Current portion of long-term debt (net of deferred financing costs)         853,627         843,328           Accrued administrative fees         30,537         31,725           Current portion of accrued legal fees and contingencies         14,873         23,673           Current portion of lease liability - Operating leases         2,401         2,290           Accrued expenses and other liabilities         19,350         20,652           TOTAL CURRENT LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         -         225           Uncertain tax liabilities         -         2,684         2,633           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         66,166         68,760           TOTAL LIABILITIES         56,166         68,760           TOTAL LIABILITIES         56,166         68,760           TOTAL LIABILITIES         56,166         68,760           TOTAL LIABILITIES         58,873         595,521           C	·		-		•		
Accrued administrative fees         30,537         31,725           Current portion of accrued legal fees and contingencies         14,873         23,673           Current portion of lease liability - Operating leases         2,401         2,290           Accrued expenses and other liabilities         19,350         20,652           TOTAL CURRENT LIABILITIES         885,603         385,587           LONG-TERM LIABILITIES         -         225           Uncertain tax liabilities         -         2,684         2,635           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         1,051,769         1,054,347           SHAREHOLDERS' EQUITY         -         -           Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2019         -         -           Common stock, no par value - 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.         598,873         595,521           Accumulated deficit			•		•		
Current portion of accrued legal fees and contingencies         14,873         23,673           Current portion of lease liability - Operating leases         2,401         2,290           Accrued expenses and other liabilities         19,350         20,652           TOTAL CURRENT LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         —         225           Uncertain tax liabilities         2,684         2,633           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         1,051,769         1,054,347           SHAREHOLDERS' EQUITY         —         —           Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020         —         —           Common stock, no par value - 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.         598,873         595,521           Accumulated deficit         (590,665)         (333,938)           Accumulated other comprehensive (loss) </td <td></td> <td></td> <td>•</td> <td></td> <td>-</td>			•		-		
Current portion of lease liability - Operating leases         2,401         2,290           Accrued expenses and other liabilities         19,350         20,652           TOTAL CURRENT LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         -         225           Uncertain tax liabilities         2,684         2,633           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         1,051,769         1,054,347           SHAREHOLDERS' EQUITY         -         -           Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019, respectively.         598,873         595,521           Accumulated deficit         (590,665)         (333,938)           Accumulated other comprehensive (loss)         (27,702)         (27,291)           TOTAL SHAREHOLDERS' EQUITY         (19,494)         234,242			•		•		
Accrued expenses and other liabilities         19,350         20,652           TOTAL CURRENT LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         Deferred tax liability         —         225           Uncertain tax liabilities         2,684         2,633           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         66,166         68,760           TOTAL LIABILITIES         1,051,769         1,054,347           SHAREHOLDERS' EQUITY           Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.         —         —           Common stock, no par value – 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.         598,873         595,521           Accumulated deficit         (590,665)         (333,938)           Accumulated other comprehensive (loss)         (27,702)         (27,291)           TOTAL SHAREHOLDERS' EQUITY         (19,49	· · · · · · · · · · · · · · · · · · ·		•		•		
TOTAL CURRENT LIABILITIES         985,603         985,587           LONG-TERM LIABILITIES         Deferred tax liability         —         225           Uncertain tax liabilities         2,684         2,633           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         1,051,769         1,054,347           SHAREHOLDERS' EQUITY           Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.         —         —           Common stock, no par value - 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.         598,873         595,521           Accumulated deficit         (590,665)         (333,938)           Accumulated other comprehensive (loss)         (27,702)         (27,291)           TOTAL SHAREHOLDERS' EQUITY         (19,494)         234,292							
Deferred tax liability	-			- —	<del></del>		
Deferred tax liability         —         225           Uncertain tax liabilities         2,684         2,633           Long-term lease liability - Operating leases         21,427         22,021           Long-term portion of accrued legal fees and contingencies         31,160         33,000           Pension obligations and other liabilities         10,895         10,881           TOTAL LONG-TERM LIABILITIES         66,166         68,760           TOTAL LIABILITIES         1,051,769         1,054,347           SHAREHOLDERS' EQUITY         —         —           Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.         —         —           Common stock, no par value - 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.         598,873         595,521           Accumulated deficit         (590,665)         (333,938)           Accumulated other comprehensive (loss)         (27,702)         (27,291)           TOTAL SHAREHOLDERS' EQUITY         (19,494)         234,292			985,603		985,587		
Uncertain tax liabilities       2,684       2,633         Long-term lease liability - Operating leases       21,427       22,021         Long-term portion of accrued legal fees and contingencies       31,160       33,000         Pension obligations and other liabilities       10,895       10,881         TOTAL LONG-TERM LIABILITIES       66,166       68,760         TOTAL LIABILITIES       1,051,769       1,054,347         SHAREHOLDERS' EQUITY       Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.       —       —         Common stock, no par value - 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.       598,873       595,521         Accumulated deficit       (590,665)       (333,938)         Accumulated other comprehensive (loss)       (27,702)       (27,291)         TOTAL SHAREHOLDERS' EQUITY       (19,494)       234,292							
Long-term lease liability - Operating leases   21,427   22,021	·						
Long-term portion of accrued legal fees and contingencies 31,160 33,000 Pension obligations and other liabilities 10,895 10,881 TOTAL LONG-TERM LIABILITIES 66,166 68,760 TOTAL LIABILITIES 1,051,769 1,054,347 SHAREHOLDERS' EQUITY Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.  Common stock, no par value - 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.  Accumulated deficit (590,665) (333,938) Accumulated other comprehensive (loss) (27,702) (27,291) TOTAL SHAREHOLDERS' EQUITY			•				
Pension obligations and other liabilities 10,895 10,881 TOTAL LONG-TERM LIABILITIES 66,166 68,760 TOTAL LIABILITIES 1,051,769 1,054,347 SHAREHOLDERS' EQUITY Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.  Common stock, no par value – 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.  Accumulated deficit (590,665) (333,938) Accumulated other comprehensive (loss) (27,702) (27,291) TOTAL SHAREHOLDERS' EQUITY			•		· ·		
TOTAL LONG-TERM LIABILITIES  TOTAL LIABILITIES  1,051,769  1,054,347  SHAREHOLDERS' EQUITY  Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.  Common stock, no par value – 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.  Accumulated deficit  Accumulated other comprehensive (loss)  TOTAL SHAREHOLDERS' EQUITY  (19,494)  234,292	The state of the s						
TOTAL LIABILITIES  SHAREHOLDERS' EQUITY  Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.  Common stock, no par value – 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.  Accumulated deficit  Accumulated deficit  C590,665)  (333,938)  Accumulated other comprehensive (loss)  TOTAL SHAREHOLDERS' EQUITY  1,051,769  1,051,769  1,054,347   598,873  595,521  (27,291)  1,054,347					10,881		
SHAREHOLDERS' EQUITY  Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.  Common stock, no par value - 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.  Accumulated deficit (590,665) (333,938)  Accumulated other comprehensive (loss) (27,702) (27,291)  TOTAL SHAREHOLDERS' EQUITY (19,494) 234,292					<del></del>		
Preferred stock, \$1 par value - 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2020 and December 31, 2019.  Common stock, no par value - 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.  Accumulated deficit (590,665) (333,938)  Accumulated other comprehensive (loss) (27,702) (27,291)  TOTAL SHAREHOLDERS' EQUITY (19,494) 234,292			1,051,769		1,054,347		
and December 31, 2019.  Common stock, no par value – 150,000,000 shares authorized; 126,276,438 and 126,145,832 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively.  Accumulated deficit  Accumulated other comprehensive (loss)  TOTAL SHAREHOLDERS' EQUITY   — — — — — — — — — — — — — — — — — —	•						
outstanding at March 31, 2020 and December 31, 2019, respectively.       598,873       595,521         Accumulated deficit       (590,665)       (333,938)         Accumulated other comprehensive (loss)       (27,702)       (27,291)         TOTAL SHAREHOLDERS' EQUITY       (19,494)       234,292	and December 31, 2019.		<del></del>		<del>_</del>		
Accumulated other comprehensive (loss) (27,702) (27,291)  TOTAL SHAREHOLDERS' EQUITY (19,494) 234,292			598,873		595,521		
TOTAL SHAREHOLDERS' EQUITY (19,494) 234,292	Accumulated deficit		(590,665)		(333,938)		
TOTAL SHAREHOLDERS' EQUITY (19,494) 234,292	Accumulated other comprehensive (loss)		(27,702)		(27,291)		
	TOTAL SHAREHOLDERS' EQUITY		(19,494)				
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	1,032,275	\$	1,288,639		

# AKORN, INC. CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) (In Thousands, Except Per Share Data) (Unaudited)

		Three Mo Mar	nths ch 31	
		2020		2019
Revenues, net	\$	204,693	\$	165,871
Cost of sales (exclusive of amortization of intangibles, included within operating expenses below)		110,149		112,358
GROSS PROFIT		94,544		53,513
Selling, general and administrative expenses		65,056		72,498
Research and development expenses		9,811		8,714
Amortization of intangibles		6,142		11,065
Impairment of goodwill		267,923		15,955
Impairment of intangible assets				10,354
Litigation rulings, settlements and contingencies		(7,470)		410
TOTAL OPERATING EXPENSES		341,462		118,996
OPERATING (LOSS)		(246,918)		(65,483)
Amortization of deferred financing costs		(8,629)		(1,304)
Interest expense, net		(24,364)		(14,327)
Other non-operating (expense) income, net		(261)		353
(LOSS) BEFORE INCOME TAXES		(280,172)		(80,761)
Income tax (benefit)/provision		(23,445)		1,420
NET (LOSS)	\$	(256,727)	\$	(82,181)
NET (LOSS) PER COMMON SHARE:				
Net (Loss) per Common Share, basic and diluted	\$	(2.01)	\$	(0.65)
SHARES USED IN COMPUTING NET (LOSS) PER COMMON SHARE:				
WEIGHTED AVERAGE BASIC AND DILUTED		127,648		125,566
COMPREHENSIVE (LOSS):				
Net (loss)	\$	(256,727)	\$	(82,181)
Unrealized holding (loss) on available-for-sale securities, net of tax of \$0 and \$0 for the three month periods ended March 31, 2020 and 2019, respectively.		(1)		_
Foreign currency translation (loss)		(524)		(424)
Pension liability adjustment gain/(loss), net of tax of (\$29) and \$30 for the three month periods ended March 31, 2020 and 2019, respectively.		114		•
	<u>•</u>		_	(116)
COMPREHENSIVE (LOSS)	\$	(257,138)	\$	(82,721)

# AKORN, INC. CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019 (In Thousands)

	Shares	(	Common Stock	Accumulated Deficit	Other Comprehensive (Loss)	Total
BALANCES AT DECEMBER 31, 2019	126,146	\$	595,521	\$ (333,938)	\$ (27,291)	\$ 234,292
Consolidated net (loss)			_	(256,727)	_	(256,727)
Compensation and share issuances related to restricted stock awards	195		2,606			2,606
Stock-based compensation expense - stock options			825	_	<u></u>	825
Foreign currency translation (loss)			_		(524)	(524)
Stock compensation plan withholdings for employee taxes	(65)		(79)	_	_	(79)
Unrealized holding (loss) on available-for-sale securities					(1)	(1)
Akorn AG pension liability adjustment	_				114	114
Employee stock purchase plan expense				 		
BALANCES AT MARCH 31, 2020 (unaudited)	126,276	\$	598,873	\$ (590,665)	\$ (27,702)	\$ (19,494)

	Shares	Common Stock		Accumulated Deficit				Other Comprehensive (Loss)	Total
BALANCES AT DECEMBER 31, 2018	125,492	\$ 574,553	\$	(107,168)	\$	(23,519)	443,866		
Consolidated net (loss)	_	_		(82,181)		_	(82,181)		
Compensation and share issuances related to restricted stock awards	121	3,110		_			3,110		
Stock-based compensation expense - stock options	_	1,381				_	1,381		
Foreign currency translation (loss)	_	_		_		(424)	(424)		
Stock compensation plan withholdings for employee taxes	(34)	(116)		_		_	(116)		
Unrealized holding loss on available-for-sale securities	_	_		_					
Akorn AG pension liability adjustment	_	_		_		(116)	(116)		
Employee stock purchase plan expense		229		_			229		
BALANCES AT MARCH 31, 2019 (unaudited)	125,579	\$ 579,157	\$	(189,349)	\$	(24,059)	\$ 365,749		

# AKORN, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands) (Unaudited)

Three Months Ended March 31.

		March 31,			
		2020		2019	
OPERATING ACTIVITIES:					
Net (loss)	\$	(256,727)	\$	(82,181)	
Adjustments to reconcile consolidated net (loss) to net cash (used in) operating activities:					
Depreciation and amortization		13,874		18,750	
Amortization of debt financing costs		8,629		1,304	
Impairment of intangible assets		_		10,354	
Goodwill impairment		267,923		15,955	
Fixed asset impairment and other		_		10,089	
Non-cash stock compensation expense		3,431		4,720	
Non-cash interest expense		1,670		_	
Deferred income taxes, net		(225)		(28)	
Other		(83)		(31)	
Changes in operating assets and liabilities:					
Other non-current assets		(8,565)		584	
Trade accounts receivable		(53,009)		(21,283)	
Inventories, net		(2,486)		10,819	
Prepaid expenses and other current assets		(27,895)		1,079	
Trade accounts payable		(10,057)		722	
Accrued legal fees and contingencies		(10,640)		(2,703)	
Uncertain tax liabilities		51		1,420	
Accrued expenses and other liabilities		12,680		(33)	
NET CASH (USED IN) OPERATING ACTIVITIES	\$	(61,429)	\$	(30,463)	
INVESTING ACTIVITIES:					
Proceeds from disposal of assets		386			
Purchases of property, plant and equipment		(11,531)		(10,059)	
NET CASH (USED IN) INVESTING ACTIVITIES	\$	(11,145)	\$	(10,059)	
FINANCING ACTIVITIES:					
Stock compensation plan withholdings for employee taxes		(79)		_	
Payment of contingent acquisition liabilities				(116)	
Lease payments	\$	(6)	\$	(335)	
NET CASH (USED IN) FINANCING ACTIVITIES	\$	(85)	\$	(451)	
Effect of exchange rate changes on cash and cash equivalents		(37)		54	
(DECREASE) IN CASH AND CASH EQUIVALENTS	\$	(72,696)	\$	(40,919)	
Cash, cash equivalents, and restricted cash at beginning of period		145,607		225,794	
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$	72,911	\$	184,875	
SUPPLEMENTAL DISCLOSURES:			: <u>-</u>		
Amount paid for interest	\$	23,803	\$	16,314	
Amount (received) for income taxes, net	\$	(56)	\$	(14,526)	
Additional capital expenditures included in accounts payable	\$	2,514	\$	4,641	
Standstill Agreement related non-cash interest	\$	1,670	\$	*+,0*+1	
omination region related non-cash interest	Ψ	1,0/0	Ψ	_	