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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 001-39294

ASSERTIO HOLDINGS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware	**85-0598378**
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

100 South Saunders Road, Suite 300
Lake Forest, Illinois 60045
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES; ZIP CODE)

(224) 419-7106
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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, $0.0001 par value	ASRT	The Nasdaq Stock Market LLC

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

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

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

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

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

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

The number of issued and outstanding shares of the registrant's Common Stock, $0.0001 par value, as of August 3, 2020 was 107,121,683.

ASSERTIO HOLDINGS, INC.
FORM 10-Q FOR THE PERIOD ENDING JUNE 30, 2020
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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASSERTIO HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(Unaudited)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 59,403	$ 42,107
Accounts receivable, net	34,753	42,744
Inventories, net	25,398	3,412
Prepaid and other current assets	15,909	15,688
Total current assets	135,463	103,951
Property and equipment, net	7,349	3,497
Intangible assets, net	179,716	400,535
Goodwill	14,147	—
Investments, net	1,579	13,064
Other long-term assets	7,470	6,123
Total assets	$ 345,724	$ 527,170
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 28,535	$ 16,193
Accrued rebates, returns and discounts	52,440	58,943
Accrued liabilities	31,564	18,948
Current portion of long-term debt	7,374	80,000
Contingent consideration, current portion	8,700	—
Interest payable	2,754	8,375
Other current liabilities	3,005	2,094
Total current liabilities	134,372	184,553
Long-term debt	91,834	271,258
Contingent consideration	20,859	168
Other long-term liabilities	13,681	13,233
Total liabilities	260,746	469,212
Commitments and contingencies		
Shareholders' equity:		
Common stock	11	8
Additional paid-in capital	478,037	457,751
Accumulated deficit	(393,070)	(399,801)
Total shareholders' equity	84,978	57,958
Total liabilities and shareholders' equity	$ 345,724	$ 527,170

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

ASSERTIO HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues:				
Product sales, net	$ 20,165	$ 25,937	$ 29,417	$ 52,387
Commercialization agreement, net	—	31,003	11,258	61,859
Royalties and milestones	452	263	859	886
Total revenues	20,617	57,203	41,534	115,132
Costs and expenses:				
Cost of sales (excluding amortization of intangible assets)	5,238	2,124	6,637	4,699
Research and development expenses	1,626	1,263	2,667	3,056
Selling, general and administrative expenses	28,131	24,755	55,445	49,800
Amortization of intangible assets	4,855	25,443	12,650	50,887
Restructuring charges	6,519	—	6,519	—
Total costs and expenses	46,369	53,585	83,918	108,442
(Loss) income from operations	(25,752)	3,618	(42,384)	6,690
Other income (expense):				
(Loss) Gain on sale of Gralise	(850)	—	126,655	—
Loss on extinguishment of convertible notes	(16,272)	—	(47,880)	—
Gain (Loss) on sale of NUCYNTA	1,006	—	(14,749)	—
Interest expense	(1,604)	(14,842)	(10,278)	(31,396)
Loss on prepayment of Senior Notes	—	—	(8,233)	—
Other loss	(499)	(1,240)	(3,824)	(1,849)
Total other (expense) income	(18,219)	(16,082)	41,691	(33,245)
Net loss before income taxes	(43,971)	(12,464)	(693)	(26,555)
Income tax benefit (expense)	9,472	(1,141)	7,424	(1,351)
Net (loss) income and Comprehensive (loss) income	$ (34,499)	$ (13,605)	$ 6,731	$ (27,906)
Basic net (loss) income per share	$ (0.35)	$ (0.21)	$ 0.07	$ (0.43)
Diluted net (loss) income per share	$ (0.35)	$ (0.21)	$ 0.07	$ (0.43)
Shares used in computing basic net (loss) income per share	98,558	64,480	89,835	64,405
Shares used in computing diluted net (loss) income per share	98,558	64,480	90,236	64,405

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

ASSERTIO HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Loss	Shareholders' Equity
	Shares	Amount				
Balances at December 31, 2018	64,185	$ 6	$ 402,934	$ (182,600)	$ (5)	$ 220,335
Issuance of common stock upon exercise of options	14	—	25	—	—	25
Issuance of common stock in conjunction with vesting of restricted stock units	132	—	—	—	—	—
Stock-based compensation	—	—	2,702	—	—	2,702
Shares withheld for payment of employee's withholding tax liability	—	—	(216)	—	—	(216)
Net loss	—	—	—	(14,301)	—	(14,301)
Balances at March 31, 2019	64,331	$ 6	$ 405,445	$ (196,901)	$ (5)	$ 208,545
Issuance of common stock under employee stock purchase plan	64	—	158	—	—	158
Issuance of common stock in conjunction with vesting of restricted stock units	426	—	—	—	—	—
Stock-based compensation	—	—	2,634	—	—	2,634
Shares withheld for payment of employee's withholding tax liability	—	—	(293)	—	—	(293)
Net loss	—	—	—	(13,605)	—	(13,605)
Balances at June 30, 2019	64,821	$ 6	$ 407,944	$ (210,506)	$ (5)	$ 197,439
Balances at December 31, 2019	80,888	$ 8	$ 457,751	$ (399,801)	$ —	$ 57,958
Issuance of common stock in conjunction with vesting of restricted stock units	434	—	—	—	—	—
Reacquisition of equity component of 2021 Notes and 2024 Notes	—	—	(16,814)	—	—	(16,814)
Stock-based compensation	—	—	1,934	—	—	1,934
Shares withheld for payment of employee's withholding tax liability	—	—	(271)	—	—	(271)
Net income	—	—	—	41,230	—	41,230
Balances at March 31, 2020	81,322	$ 8	$ 442,600	$ (358,571)	$ —	$ 84,037
Issuance of common stock under employee stock purchase plan	76	—	49	—	—	49
Issuance of common stock in conjunction with vesting of restricted stock units	215	—	—	—	—	—
Issuance of common stock in connection with the Zyla Merger	25,479	3	22,928	—	—	22,931
Issuance of warrants and stock options in conjunction with the Zyla Merger	—	—	11,626	—	—	11,626
Reacquisition of equity component of 2021 Notes and 2024 Notes	—	—	(2,718)	—	—	(2,718)
Stock-based compensation	—	—	3,593	—	—	3,593
Shares withheld for payment of employee's withholding tax liability	—	—	(41)	—	—	(41)
Net loss and comprehensive loss	—	—	—	(34,499)	—	(34,499)
Balances at June 30, 2020	107,092	$ 11	$ 478,037	$ (393,070)	$ —	$ 84,978

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

ASSERTIO HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2020	**2019**
Operating Activities		
Net income (loss)	$ 6,731	$ (27,906)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Gain on sale of Gralise	(126,655)	—
Loss on sale of NUCYNTA	14,749	—
Loss on extinguishment of convertible Notes	47,880	—
Loss on prepayment of Senior Notes	8,233	—
Depreciation and amortization	13,319	51,503
Accretion of debt discount and debt issuance costs	5,511	12,220
Recurring fair value measurement of assets and liabilities	3,629	(85)
Stock-based compensation	5,527	5,336
Provision for inventory and other assets	1,808	196
Other	(9)	3,150
Changes in assets and liabilities:		
Accounts receivable	29,414	2,900
Inventories	512	195
Prepaid and other assets	4,810	30,492
Accounts payable and other accrued liabilities	(13,337)	(14,890)
Accrued rebates, returns and discounts	(39,757)	(11,951)
Interest payable	(7,524)	(2,451)
Net cash (used in) provided by operating activities	(45,159)	48,709
Investing Activities		
Purchases of property and equipment	(9)	(621)
Cash acquired in Zyla Merger	7,585	—
Proceeds from sale of NUCYNTA	368,965	—
Proceeds from sale of Gralise	130,261	—
Proceeds from sale of investments	6,000	—
Purchases of marketable securities	—	(7,864)
Maturities of marketable securities	—	750
Net cash provided by (used in) investing activities	512,802	(7,735)
Financing Activities		
Payments in connection with Senior Notes settlement	(171,775)	—
Payments in connection with convertible notes extinguishment	(264,731)	—
Payments on Revolver	(10,000)	—
Payments on Promissory Note	(3,000)	—
Proceeds from issuance of common stock	—	183
Shares withheld for payment of employee's withholding tax liability	(841)	(509)
Net cash used in financing activities	(450,347)	(83,575)
Net increase (decrease) in cash and cash equivalents	17,296	(42,601)
Cash and cash equivalents at beginning of year	42,107	110,949
Cash and cash equivalents at end of period	$ 59,403	$ 68,348
Supplemental Disclosure of Cash Flow Information		
Net cash paid for income taxes	$ 396	$ 420
Cash paid for interest	$ 11,213	$ 21,571
Capital expenditures incurred but not yet paid	$ —	$ 287

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

ASSERTIO HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

On May 20, 2020, Assertio Holdings, Inc. (Assertio or the Company) completed a Merger (the Zyla Merger) with Zyla Life Sciences (Zyla) pursuant to an Agreement and Plan of Merger (Merger Agreement), dated as of March 16, 2020. Prior to the consummation of the Zyla Merger, Assertio Therapeutic, Inc. implemented a holding company reorganization (Assertio Reorganization) pursuant to an Agreement and Plan of Merger, dated as of May 19, 2020, by and among Assertio Therapeutics, Inc., the Company and a wholly-owned subsidiary formed to effectuate the Assertio Reorganization. As a result of the Assertio Reorganization, Assertio Therapeutics, Inc. became a direct, wholly-owned subsidiary of the Company, with the Company assuming Assertio Therapeutics, Inc.'s listing on the Nasdaq Stock Market and being deemed as successor issuer to Assertio Therapeutics, Inc. under applicable securities law. Each issued and outstanding share of common stock, $0.0001 par value per share, of Assertio Therapeutics, Inc. immediately prior to the Assertio Reorganization automatically converted into an equivalent corresponding share of common stock, $0.0001 par value per share, of the Company having the same designations, rights, powers, preferences, qualifications, limitations and restrictions as the converted share of Assertio Therapeutics, Inc. common stock. Unless otherwise noted or required by context, the Company uses "Assertio" to refer to Assertio Reorganization and Assertio Holdings, Inc. following the Assertio Reorganization.

Assertio is a commercial pharmaceutical company offering differentiated products to patients. The Company's commercial portfolio of branded products focuses on three areas: neurology; hospital; and pain and inflammation. The Company has built its commercial portfolio through a combination of increased opportunities with its existing products, as well as through the acquisition or licensing of additional approved products.

The Company's primary marketed products include:

SPRIX Nasal Spray® (ketorolac)	A nonsteroidal anti-inflammatory drug (NSAID) indicated in adult patients for the short term (up to five days) management of moderate to moderately severe pain that requires analgesia at the opioid level.
CAMBIA® (diclofenac potassium for oral solution)	A prescription medicine used to treat migraine attacks in adults. It does not prevent or lesson the number of migraines one has, and it is not for other types of headaches. It contains diclofenac potassium, an NSAID.
INDOCIN® (indomethacin) Suppositories INDOCIN® (indomethacin) Oral Suspension	A suppository form and oral solution of indomethacin approved for: • Moderate to severe rheumatoid arthritis including acute flares of chronic disease • Moderate to severe ankylosing spondylitis • Moderate to severe osteoarthritis • Acute painful shoulder (bursitis and/or tendinitis) • Acute gouty arthritis
ZIPSOR® (diclofenac potassium) Liquid filled capsules)	A prescription NSAID used for relief of mild-to-moderate pain in adults (18 years of age and older)

Additional commercially available products include ZORVOLEX® (diclofenac), VIVLODEX® (meloxicam) (collectively the SOLUMATRIX products), and OXAYDO® (oxycodone HCI, USP) tablets for oral use only —CII.

On February 13, 2020, the Company completed the sale of its remaining rights, title and interest in and to the NUCYNTA® franchise to Collegium Pharmaceutical, Inc. (Collegium) for $375.0 million, less royalties, in cash at closing. Collegium assumed certain contracts, liabilities and obligations relating to the NUCYNTA products, including those related to manufacturing and supply, post-market commitments and clinical development costs. Collegium also paid for certain inventories relating to the products.

On January 10, 2020, the Company completed the sale of Gralise® (gabapentin) to Golf Acquiror LLC, an affiliate to Alvogen, Inc. (Alvogen), for cash proceeds of $130.3 million. The total value included $75.0 million in cash at closing, with the balance receivable as 75% of Alvogen's first $70.0 million of Gralise net sales after the closing (consideration receivable). Alvogen also paid for certain inventories relating to Gralise. On June 3, 2020, the Company entered into an agreement with Alvogen to settle the remaining balance of $39.7 million in consideration receivable, whereby the Company reduced the consideration receivable by $0.9 million and Alvogen paid $38.8 million in cash.

Basis of Presentation

The unaudited condensed consolidated financial statements of Assertio and its subsidiaries and the related footnote information of the Company have been prepared pursuant to the requirements of the Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules and regulations, certain footnotes or other financial information that are normally required by U.S. generally accepted accounting principles (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company's management, the accompanying interim unaudited condensed consolidated financial statements include all adjustments necessary for a fair presentation of the information for the periods presented. The results for the three and six months ended June 30, 2020 are not necessarily indicative of results to be expected for the entire year ending December 31, 2020 or future operating periods.

The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited financial statements and the related notes thereto for the year ended December 31, 2019 included in Assertio Therapeutics, Inc.'s Annual Report on Form 10-K filed with the SEC on March 10, 2020 (the 2019 Form 10-K). The Consolidated Condensed Balance Sheet as of December 31, 2019 has been derived from the audited financial statements at that date, as filed in the Company's 2019 Form 10-K.

In connection with the preparation of the financial statements for the three and six months ended June 30, 2020, the Company evaluated whether there were conditions and events, considered in the aggregate, which raised substantial doubt as to the entity's ability to continue as a going concern within twelve months after the date of the issuance of these financial statements noting that there did not appear to be evidence of substantial doubt of the entity's ability to continue as a going concern.

Principles of Consolidation

The condensed consolidated financial statements of Assertio include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Estimates are used when accounting for amounts recorded in connection with acquisitions, including initial fair value determinations of assets and liabilities as well as subsequent fair value measurements. Additionally, estimates are used in determining items such as sales discounts and product returns, depreciable and amortizable lives, share-based compensation assumptions and taxes on income. Although management believes these estimates are based upon reasonable assumptions within the bounds of its knowledge of the Company's business and operations, actual results could differ materially from these estimates.

Segment Information

The Company manages its business within one reportable segment. Segment information is consistent with how management reviews the business, makes investing and resource allocation decisions and assesses operating performance. To date, substantially all of the Company's revenues from product sales are related to sales in the United States.

Acquisitions

The Company accounts for acquired businesses using the acquisition method of accounting under ASC 805, *Business Combinations* (ASC 805), which requires that assets acquired and liabilities assumed be recorded at date of acquisition at their respective fair values. The fair value of the consideration paid, including contingent consideration, is assigned to the underlying

net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Significant judgments are used in determining the estimated fair values assigned to the assets acquired and liabilities assumed and in determining estimates of useful lives of long-lived assets. Fair value determinations and useful life estimates are based on, among other factors, estimates of expected future net cash flows, estimates of appropriate discount rates used to present value expected future net cash flows, the assessment of each asset's life cycle, and the impact of competitive trends on each asset's life cycle and other factors. These judgments can materially impact the estimates used to allocate acquisition date fair values to assets acquired and liabilities assumed and the resulting timing and amounts charged to, or recognized in current and future operating results. For these and other reasons, actual results may vary significantly from estimated results.

Any changes in the fair value of contingent consideration resulting from a change in the underlying inputs is recognized in operating expenses until the contingent consideration arrangement is settled. Changes in the fair value of contingent consideration resulting from the passage of time are recorded within interest expense until the contingent consideration is settled.

If the acquired net assets do not constitute a business under the acquisition method of accounting, the transaction is accounted for as an asset acquisition and no goodwill is recognized. In an asset acquisition, the amount allocated to acquired in-process research and development (IPR&D) with no alternative future use is charged to expense at the acquisition date.

Revenue Recognition

Under ASC 606, *Revenue from Contracts with Customers* (ASC 606), the Company recognizes revenue when its customer obtains control of the promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation, when (or as) the performance obligation is satisfied. The Company assesses the term of the contract based upon the contractual period in which the Company and Collegium have enforceable rights and obligations.

Variable consideration arising from sales or usage-based royalties, promised in exchange for a license of the Company's Intellectual Property, is recognized at the later of (i) when the subsequent product sales occur or (ii) the performance obligation, to which some or all of the sales-based royalty has been allocated, has been satisfied.

The Company recognizes a contract asset relating to its conditional right to consideration for completed performance obligations. Accounts receivable are recorded when the right to consideration becomes unconditional. A contract liability is recorded for payments received in advance of the related performance obligation being satisfied under the contract.

Product Sales

The Company sells commercial products to wholesale distributors and specialty pharmacies. Product sales revenue is recognized when title has transferred to the customer and the customer has assumed the risks and rewards of ownership, which typically occurs on delivery to the customer. The Company's performance obligation is to deliver product to the customer, and the performance obligation is completed upon delivery. The transaction price consists of a fixed invoice price and variable product sales allowances, which include rebates, discounts and returns. Product sales revenues are recorded net of applicable sales tax and reserves for these product sales allowances. Receivables related to product sales are typically collected one to two months after delivery.

Product Sales Allowances—The Company considers products sales allowances to be variable consideration and estimates and recognizes product sales allowances as a reduction of product sales in the same period the related revenue is recognized. Product sales allowances are based on actual or estimated amounts owed on the related sales. These estimates take into consideration the terms of the Company's agreements with customers, historical product returns, rebates or discounts

taken, estimated levels of inventory in the distribution channel, the shelf life of the product and specific known market events, such as competitive pricing and new product introductions. The Company uses the most likely method in estimating product sales allowances. If actual future results vary from the Company's estimates, the Company may need to adjust these estimates, which could have an effect on product sales and earnings in the period of adjustment. The Company's sales allowances include:

Product Returns—The Company allows customers to return product for credit with respect to that product within six months before and up to 12 months after its product expiration date. The Company estimates product returns and associated credit on NUCYNTA, Gralise, CAMBIA, Zipsor, Lazanda and products acquired from Zyla, INDOCIN, ZORVOLEX, VIVLODEX and OXAYDO. Estimates for returns are based on historical return trends by product or by return trends of similar products, taking into consideration the shelf life of the product at the time of shipment, shipment and prescription trends, estimated distribution channel inventory levels and consideration of the introduction of competitive products. The Company did not assume financial responsibility for returns of NUCYNTA previously sold by Janssen Pharma or Lazanda product previously sold by Archimedes Pharma US Inc. Under the Commercialization Agreement with Collegium for NUCYNTA, the divestiture of Lazanda to Slán and the divestiture of Gralise to Alvogen, the Company is only financially responsible for product returns for product that were sold by the Company, which are identified by specific lot numbers.

The following are the respective shelf lives from manufacture date for the Company's products:

- SPRIX Nasal Spray 30 months;
- CAMBIA 24 months to 48 months;
- INDOCIN products 36 months;
- ZIPSOR 36 months;
- SOLUMATRIX products 36 months; and,
- OXAYDO 24 months.

Because of the shelf life of the Company's products and its return policy of issuing credits with respect to product that is returned within six months before and up to 12 months after its product expiration date, there may be a significant period of time between when the product is shipped and when the Company issues credit on a returned product. Accordingly, the Company may have to adjust these estimates, which could have an effect on product sales and earnings in the period of adjustments.

Wholesaler and Pharmacy Discounts—The Company offers contractually determined discounts to certain wholesale distributors and specialty pharmacies that purchase directly from it. These discounts are either taken off invoice at the time of shipment or paid to the customer on a quarterly basis one to two months after the quarter in which product was shipped to the customer.

Prompt Pay Discounts—The Company offers cash discounts to its customers (generally 2% of the sales price) as an incentive for prompt payment. Based on the Company's experience, the Company expects its customers to comply with the payment terms to earn the cash discount.

Patient Discount Programs—The Company offers patient discount co-pay assistance programs in which patients receive certain discounts off their prescriptions at participating retail and specialty pharmacies. The discounts are reimbursed by the Company approximately one month after the prescriptions subject to the discount are filled.

Medicaid Rebates—The Company participates in Medicaid rebate programs, which provide assistance to certain low income patients based on each individual state's guidelines regarding eligibility and services. Under the Medicaid rebate programs, the Company pays a rebate to each participating state, generally two to three months after the quarter in which prescriptions subject to the rebate are filled.

Chargebacks—The Company provides discounts to authorized users of the Federal Supply Schedule (FSS) of the General Services Administration under an FSS contract with the Department of Veterans Affairs. These federal entities purchase products from the wholesale distributors at a discounted price, and the wholesale distributors then charge back to the Company the difference between the current retail price and the price the federal entity paid for the product.

Managed Care Rebates—The Company offers discounts under contracts with certain managed care providers. The Company generally pays managed care rebates one to three months after the quarter in which prescriptions subject to the rebate are filled.

Medicare Part D Coverage Gap Rebates — The Company participates in the Medicare Part D Coverage Gap Discount Program under which it provides rebates on prescriptions that fall within the "donut hole" coverage gap. The Company

generally pays Medicare Part D Coverage Gap rebates two to three months after the quarter in which prescriptions subject to the rebate are filled.

Royalty Revenue

For arrangements that include sales-based royalties and the license is deemed to be the predominant item to which the royalties relate, the Company recognizes royalty revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

The Company currently has the right to receive royalties based on sales of CAMBIA in Canada, which are recognized as revenue when the related sales occur as there are no continuing performance obligations by the Company under those agreements.

Milestones

For arrangements that include milestones, the Company recognizes such revenue using the most likely method. As part of adopting ASC 606, the Company evaluated whether the future milestones should have been included as part of the transaction price in periods before January 1, 2018. The Company concluded that because of development and regulatory risks at the time, it was probable that a significant revenue reversal could have occurred. At the end of each subsequent reporting period, the Company re-evaluates the probability or achievement of each such milestone and any related constraint, and if necessary, adjusts its estimates of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue in the period of adjustment.

Leases

The Company adopted ASC 842, *Leases* (ASC 842), on January 1, 2019 using the modified retrospective approach with cumulative effect. There was no adjustment to the Company's opening balance of accumulated deficit resulting from the adoption of this guidance. In addition, the Company elected the package of practical expedients, which among other things, allowed for the carryforward of the historical lease classification. The Company did not elect the hindsight practical expedient to determine the reasonably certain lease term for existing leases. Prior to the adoption of ASC 842, the Company accounted for its operating leases in accordance with ASC 840. Under ASC 840, only capital leases were recognized on the balance sheet and therefore the Company’s operating leases were reflected in the financial statement footnotes. The adoption of ASC 842 did not materially affect the Company’s Condensed Consolidated Statements of Comprehensive Income.

The Company assesses contracts for lease arrangements at inception and, if applicable, upon any partial or full lease termination event. Operating right-of-use (ROU) assets and liabilities are recognized at the lease commencement date equal to the present value of future lease payments using the implicit, if readily available, or incremental borrowing rate based on the information readily available at the commencement date. ROU assets include any lease payments as of commencement and initial direct costs but exclude any lease incentives. Lease and non-lease components are generally accounted for separately and the Company recognizes operating lease expense straight-line over the term of the lease. Operating leases are included in other long term assets, other current liabilities, and other long term liabilities in the Condensed Consolidated Balance Sheet.

The Company accounts for operating leases with an initial term of 12 months or less on a straight-line basis over the lease term in the Condensed Consolidated Statements of Comprehensive Income.

Stock Based Compensation

The Company’s stock-based compensation generally includes stock options, restricted stock units (RSUs), performance share units (PSUs), and purchases under the Company’s employee stock purchase plan (ESPP). The Company accounts for forfeitures as they occur for each type of award. Stock-based compensation expense related to restricted stock unit awards (RSUs) is based on the market value of the underlying stock on the date of grant and the related expense is recognized ratably over the requisite service period.

The stock-based compensation expense related to PSUs is estimated at grant date based on the fair value of the award. The PSU awards are measured exclusively to the relative total shareholder return (TSR) performance, which is measured against the three-year TSR of a custom index of companies. The actual number of shares awarded is adjusted to between zero and 200% of the target award amount based upon achievement in each of the three independent successive one-year tranches. TSR relative to peers is considered a market condition under applicable authoritative guidance. For PSUs granted with vesting subject to market conditions, the fair value of the award is determined at grant date using the Monte Carlo model, and

expense is recognized ratably over the requisite service period regardless of whether or not the market condition is satisfied. The Monte Carlo valuation model considers a variety of potential future share prices for Assertio and our peer companies in a selected market index.

The Company uses the Black-Scholes option valuation model to determine the fair value of stock options and ESPP shares. The determination of the fair value of stock-based payment awards on the date of grant using an option valuation model is affected by our stock price as well as assumptions, which include the expected term of the award, the expected stock price volatility, risk-free interest rate and expected dividends over the expected term of the award. The Company uses historical option exercise data to estimate the expected term of the options. The Company estimates the volatility of our common stock price by using the historical volatility over the expected term of the options. The Company bases the risk-free interest rate on U.S. Treasury zero coupon issues with terms similar to the expected term of the options as of the date of grant. The Company does not anticipate paying any cash dividends in the foreseeable future, and therefore, uses an expected dividend yield of zero in the option valuation model. Stock-based compensation expense related to the ESPP and options is recognized on a straight-line basis over its respective term.

Intangible and Long-Lived Assets

Intangible assets consist of purchased developed technology and trademarks that are accounted for as definite-lived intangible assets subject to amortization. The Company determines the fair value of acquired intangible assets as of the acquisition date. Discounted cash flow models are typically used in these valuations, which require the use of significant estimates and assumptions, including but not limited to, developing appropriate discount rates and estimating future cash flows from product sales and related expenses. The fair value recorded is amortized on a straight-line basis over the estimated useful life of the asset. The Company estimated the useful life of the assets by considering competition by products prescribed for the same indication, the likelihood and estimated future entry of non-generic and generic competition for the same or similar indication and other related factors. The Company evaluates purchased intangibles for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. The impairment loss is calculated as the excess of the carrying amount over the fair value. Estimating future cash flows and fair value related to an intangible asset involves significant estimates and assumptions. If the Company's assumptions are not correct, there could be an impairment loss or, in the case of a change in the estimated useful life of the asset, a change in amortization expense.

The Company assess the recoverability of our long-lived assets, which include property and equipment and product rights whenever significant events or changes in circumstances indicate impairment may have occurred. If indicators of impairment exist, projected future undiscounted cash flows associated with the asset are compared to the carrying amount to determine whether the asset's value is recoverable. Any resulting impairment is recorded as a reduction in the carrying value of the related asset and a charge to operating results.

Goodwill

Under the purchase method of accounting pursuant to ASC 805, Goodwill is calculated as the excess of the purchase price over the fair value of the assets acquired and liabilities assumed. Goodwill, which is not tax-deductible, is recognized within other long-term assets, and is not amortized but subject to an annual review for impairment. Goodwill is tested for impairment at the reporting unit level at least annually or when a triggering event occurs that could indicate a potential impairment by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that the fair value of net assets are below their carrying amounts. A reporting unit is the same as, or one level below, an operating segment. The Company's operations are currently comprised of a single reporting unit.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13 *Financial Instruments-Credit Losses* (ASU 2016-13 or Topic 326): Measurement of Credit Losses on Financial Instruments, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. The Company adopted this standard on January 1, 2020 and updated its internal controls to include certain forward-looking considerations in the current process of developing and recognizing credit losses for in scope financial assets, which primarily included accounts receivable and a $3.5 million investment in a company engaged in medical research. ASC 326 had an immaterial impact to our allowance for credit losses reported in accounts receivable on our Condensed Consolidated Balance Sheet upon adoption. The investment is structured as a long-term loan receivable with a convertible feature and carried at amortized cost with accruing interest. To

calculate the expected credit loss allowance, the Company utilized a probability-of-default method (PDM). This process estimates the probability of the loan being successfully paid back or converted into equity based on the ability of the investee to obtain FDA acceptance of its research.

As of June 30, 2020, the Company estimated an expected credit loss of approximately $1.9 million, which was recognized in Other (expense) income in the Company's Condensed Consolidated Statement of Comprehensive Income in the first quarter of 2020 and is included in Investments, net in the Company's Condensed Consolidated Balance Sheet. The Company's expected credit losses can vary from period to period based on several factors, such as progress of the medical research and FDA submission, and overall economic environment and the ability of the investee to fund its operations. The primary factor that contributed to the provision for expected credit losses as of the second quarter of 2020 was an evaluation of probability of default to exist based on the outlook of the macro environment due to the COVID-19 pandemic and its impact to delay the FDA acceptance process combined with the investee's ability to fund its operations and raise capital if required.

In June 2018, the FASB issued ASU 2018-18 *Collaborative Arrangements* (ASU 2018-18), which clarifies the interaction between ASC 808, *Collaborative Arrangements* (ASC 808) and ASC 606, *Revenue from Contracts with Customers* (ASC 606). The update clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer. In addition, the update precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue if the counterparty is not a customer for that transaction. The Company adopted the standard as of January 1, 2020 and have applied modified retrospective transition method to the date of initial application of ASC 606. The adoption of this guidance did not have a material impact on the Company's condensed consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Accounting for Cloud Computing Arrangements* (Subtopic 350-40), which provides new guidance on the accounting for implementation, set-up, and other upfront costs incurred in a hosted cloud computing arrangement. Under the new guidance, entities will apply the same criteria for capitalizing implementation costs as they would for an internal-use software license arrangement. Effective January 1, 2020, the Company adopted the standard using the prospective approach to eligible costs incurred on or after the date of adoption. The adoption of this guidance did not have a material impact on the Company's condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13 *Fair Value Measurement Disclosure Framework* (ASU 2018-03), which is part of a broader disclosure framework project by the FASB to improve the effectiveness of disclosures by more clearly communicating the information to the user. The Company adopted the standard as of January 1, 2020 and included these disclosures in the condensed consolidated financial statements. The additional elements of this release did not impact the Company's condensed consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (ASU 2019-12): *Simplifying the Accounting for Income Taxes* which simplifies the accounting for income taxes by removing certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and by clarifying and amending existing guidance in order to improve consistent application of and simplify GAAP for other areas of Topic 740. ASU 2019-12 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. The Company early adopted the standard effective January 1, 2020. The new standard was applied to the presentation of the Company's reacquisition of $19.5 million in equity component of the Company's Convertible Notes, as a result of the private purchase in February 2020 and tender offer in April 2020.

NOTE 2. ACQUISITIONS

Business Combination

Zyla Life Sciences

On May 20, 2020, Assertio completed the Zyla Merger pursuant to the Agreement and Plan of Merger dated March 16, 2020. Upon consummation of the Zyla Merger, each issued and outstanding share of Zyla common stock converted into 2.5 shares of Assertio Holding's common stock (the Exchange Ratio), and each outstanding option or warrant to purchase Zyla common stock converted into the right to purchase shares of Assertio's common stock. The Company anticipates the Zyla Merger will capture operating and product portfolio synergies, accelerate revenue growth and create shareholder value.

The following table reflects the acquisition date fair value of the consideration transferred with respect to the Zyla Merger:

Total number of Company ordinary shares issued		25,478,539
Assertio share price as of May 20, 2020	$	0.90
Fair value of common shares issued (in thousands)	$	22,931
Fair value of warrants and stock options issued (in thousands) (1)		11,626
Taxes paid by the Company on behalf of Zyla (in thousands)		529
Total purchase consideration (in thousands)	$	35,086

(1) Represents 4,972,365 of Zyla warrants outstanding as of May 20, 2020 at the Exchange Ratio or 12,430,913 Company warrants. The Company's warrants were valued using the Company's share price of $0.90 as of May 20,2020. As these shares are exercisable at any time at an exercise price of $0.0004 per share and Assertio will issue replacement awards for these shares, these shares have been determined to represent consideration transferred. In addition represents merger consideration portion of the fair value of Zyla outstanding stock options as of May 20, 2020 which were converted to Company stock options at the Exchange Ratio.

Costs incurred that were directly attributable to facilitating the close of the Zyla Merger approximated $4.2 million and $6.6 million for the three and six months ended June 30, 2020, respectively. These fees were recorded to the Selling, general and administrative expenses in the Condensed Consolidated Statements of Comprehensive Income.

Pursuant to ASC 805, one of the companies in the transactions shall be designated as the acquirer for accounting purposes based on the evidence available. For accounting purposes, Assertio was treated as the acquiring entity. The Zyla Merger transaction was accounted for as a business combination under the acquisition method of accounting in accordance with ASC 805. Under this method, the acquisition was recorded by allocating the purchase price consideration to the tangible and intangible assets acquired and liabilities assumed from Zyla, based on the estimated fair values at the acquisition date. The excess of purchase price over the fair value of the acquired net assets was recorded as goodwill. The results of operations of this transaction have been included in the Company's condensed consolidated financial statements from the date of acquisition.

The following table reflects the estimated preliminary fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash	$	7,585
Accounts receivable		23,133
Inventories		26,742
Property and equipment		4,512
Intangible assets		160,900
Other assets		9,629
Total identifiable assets acquired	$	232,501
Accounts payable		21,574
Accrued rebates, returns and discounts		33,254
Other accrued liabilities		15,434
Contingent consideration (a)		29,400
Debt (b)		111,900
Total liabilities assumed	$	211,562
Net identifiable assets acquired		20,939
Goodwill (c)		14,147
Net assets acquired	**$**	**35,086**

The fair value of identified asset and identified liabilities have been measured based on preliminary estimates using assumptions that management believes are reasonable, based on information that is currently available. The initial accounting for this acquisition is considered preliminary, and is subject to adjustments upon receipt of additional information relevant to the acquisition, valuations for certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired and related deferred income taxes, if applicable. This valuation is in process and the preliminary values reported are based on

initial information that continues to be subject to the completion of the valuation and allocation of the assets acquired. Accordingly, the preliminary purchase price allocation is subject to further adjustment as additional information becomes available and final valuations are completed. The final purchase price allocation may differ from what is currently reflected in the condensed consolidated financial statements.

(a) Contingent consideration was recognized and measured at an estimated fair value as of the acquisition date. The contingent consideration liability assumed is the result of Zyla's previous acquisition of INDOCIN. The liability assumed included contingent consideration related to royalties payable in the form of an earnout provision based on INDOCIN product revenue estimates and a probability assessment with respect to the likelihood of achieving the level of net sales that would trigger the contingent payment. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in fair value measurement accounting. The key assumptions in determining the fair value are the discount rate and the probability assigned to the potential milestones being achieved. At each reporting date, the Company will subsequently re-measure the contingent consideration obligation to estimated fair value. Any changes in the fair value of contingent consideration will be recognized in operating expenses until the contingent consideration arrangement is settled.

(b) The fair value of acquired debt is comprised of the following (in thousands):

Series A-1 Notes	$	50,000
Series A-2 Notes		45,000
Royalty rights obligation		3,900
Promissory note		3,000
Credit agreement		10,000
	$	111,900

Upon the Zyla Merger, the Company assumed and immediately paid off a $3.0 million promissory note. The promissory note was scheduled to mature on July 31, 2020. Additionally upon the Zyla Merger, the Company assumed and immediately paid off a $10.0 million credit agreement. The credit agreement was recognized by Zyla as a related party transaction as the lenders were also holders of a portion of the Zyla's 13% Notes that were issued on January 31, 2019. The Credit Agreement was scheduled to mature on March 20, 2022. See Note 9, *Debt*, for further information regarding assumed Debt.

(c) The Company recognized $14.1 million of goodwill which represents the fair value of assets net of the fair value of liabilities assumed in excess of consideration paid. Goodwill arising from the Zyla Merger is not expected to be deductible for tax purposes and is subject to material revision as the purchase price allocation is completed. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce of Zyla.

Stock-based Compensation Plan

On June 4, 2020, the Company filed a Registration Statement with the SEC to register the Zyla Life Sciences Amended and Restated 2019 Stock-Based Incentive Compensation Plan (the 2019 Zyla Plan). The 2019 Zyla Plan was assumed in connection with the Zyla Merger. Pursuant to the Zyla Merger Agreement, each outstanding Zyla stock option was cancelled and converted into a stock option to purchase the Company's Common Stock on the same terms and conditions with (1) the number of shares of Company Common Stock subject to each such option equal to (i) the number of shares of the common stock subject to the option multiplied by (ii) the Merger Exchange Ratio, which was 2.5, rounded, if necessary, to the nearest whole share and (2) an exercise price per share (rounded to the nearest whole cent) equal to the original exercise price of the Zyla stock option divided by (B) the Exchange Ratio. This resulted in the issuance of 5.0 million options with an average fair market value of $0.62 per share value, of which $0.4 million was recognized as merger consideration. The term of Zyla options may not exceed 10 years from the date of grant. An option shall be exercisable on or after each vesting date in accordance with the terms set forth in the option agreement. The right to exercise an option generally vests over three years at the rate of at least 33% , by the end of the first year and then ratably in monthly installments over the remaining vesting period of the stock option.

Warrant Agreements

Upon the Zyla Merger, the Company assumed Zyla's warrant agreements (the "Warrant Agreements") with Iroko Pharmaceuticals, Inc. ("Iroko") certain of Iroko's affiliates and certain other parties entitled to receive shares of the Company's common stock as consideration pursuant to Zyla's prior agreements or in satisfaction of certain claims pursuant to the Zyla's prior reorganization plan. The warrants are exercisable at any time at an exercise price of $0.0001 per share, subject to certain

ownership limitations including, with respect to Iroko and its affiliates, that no such exercise may increase the aggregate ownership of the Company's outstanding common stock of such parties above 49% of the number of shares of its common stock then outstanding for a period of 18 months. All of the Company's outstanding warrants have similar terms whereas under no circumstance may the warrants be net-cash settled. As such, all warrants are equity-classified. See Note 14, *Net Income (Loss) per Share.*

Supplemental unaudited proforma information is based upon accounting estimates and judgments that the Company believes are reasonable. This supplemental unaudited pro forma financial information has been prepared for comparative purposes only, and is not necessarily indicative of what actual results would have occurred, or of results that may occur in the future. The following table reflects the pro forma consolidated total revenues and net loss for the periods presented, as if the acquisition of Zyla had occurred on January 1, 2019.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Total revenues	$ 28,655	$ 79,345	$ 68,637	$ 154,624
Net loss	$ (47,509)	$ (33,140)	$ (24,519)	$ (66,087)

The unaudited proforma financial results for the three and six months ended June 30, 2020 and 2019 reflect adjustments directly attributed to the business combination. Additionally, the supplemental unaudited proforma information for the six months ended June 30, 2019 was adjusted and excludes income of $115.2 million related to Zyla's January 2019 Reorganization.

See Note 3, *Revenue*, for revenue for the period since the acquisition date to June 30, 2020 related to Zyla acquired products. As the Company operates as one operating entity, earnings of Zyla since the acquisition date are impractical to calculate separate from the consolidated company.

NOTE 3. REVENUE

Disaggregated Revenue

The following table reflects summary revenue, net for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Product sales, net:				
CAMBIA	$ 7,780	$ 6,758	$ 14,054	$ 15,566
Zipsor	3,535	1,524	5,866	5,755
INDOCIN products[1]	5,434	—	5,434	—
SPRIX Nasal Spray[1]	1,602	—	1,602	—
SOLUMATRIX products[1]	836	—	836	—
OXAYDO[1]	517	—	517	—
Gralise	(116)	17,800	431	31,078
NUCYNTA and Lazanda product sales adjustments	577	(145)	677	(12)
Total product sales, net	20,165	25,937	29,417	52,387
Commercialization agreement, net	—	31,003	11,258	61,859
Royalties and milestone revenue	452	263	859	886
Total revenues	$ 20,617	$ 57,203	$ 41,534	$ 115,132

(1) Products acquired in connection with Zyla Merger represent product sales, net for the period of May 20, 2020 through June 30, 2020.

Product Sales

For the three and six months ended June 30, 2020, product sales primarily consisted of sales from CAMBIA, Zipsor, INDOCIN products, SPRIX Nasal Spray, SOLUMATRIX products, and OXAYDO. The Company began shipping and recognizing product sales for INDOCIN products, SPRIX Nasal Spray, SOLUMATRIX products, and OXAYDO in May 2020 upon the completion of the Zyla Merger.

The Company completed the sale of Gralise to Alvogen on January 10, 2020, and therefore ceased recognizing product sales related to Gralise effective on the transaction close date. Product sales related to Gralise during the three and six months ended June 30, 2020 primarily relate to sales reserve estimate adjustments related to sales recognized in prior periods.

The Company ceased recognizing product sales related to NUCYNTA in January 2018 and the NUCYNTA Commercialization Agreement in February 2020 (see Commercialization Agreement below). The Company divested and ceased recognizing product sales related to Lazanda in November 2017. Product sales related to NUCYNTA and Lazanda during the three and six months ended June 30, 2020 and 2019 relate to sales reserve estimate adjustments related to sales recognized in prior periods.

Commercialization Agreement

In December 2017, the Company and Collegium entered into the Commercialization Agreement (Commercialization Agreement), pursuant to which the Company granted Collegium the right to commercialize the NUCYNTA franchise of pain products in the U.S. Pursuant to the Commercialization Agreement, Collegium assumed all commercialization responsibilities for the NUCYNTA franchise effective January 9, 2018, including sales and marketing. In November 2018 the Company entered into an amendment to the Commercialization Agreement (Commercialization Amendment). Prior to the November 2018 amendment, the consideration related to the license and facilitation services was fixed and recognized ratably over the contract term. Following the November 2018 amendment, the royalty payments represented variable consideration that are subject to the sales-based royalty exception for licenses of intellectual property and are recognized at the later of (i) when the

subsequent product sales occur or (ii) the performance obligation, to which some or all of the sales-based royalty has been allocated, has been satisfied.

In addition, the Company was responsible for royalty payments to a third party related to sales of NUCYNTA. Prior to the November 2018 amendment, Collegium became primarily responsible for these royalties in connection with the Commercialization Agreement; however, a portion of these payments remained the responsibility of the Company. Following the November 2018 amendment, effective January 1, 2019, Collegium became responsible for the third-party royalty payments entirely. As the Company was not actively commercializing NUCYNTA, such royalties were recorded by the Company on a systematic basis in proportion to the underlying net product sales, subject to the sales-based royalty exemption for license of intellectual property, and were included as gross-to-net adjustments in the related revenue line in the Company's Condensed Consolidated Statements of Comprehensive Income. Such amounts, over the course of the calendar year, had no net impact.

Effective February 13, 2020, the Company divested its rights, title and interest in and to its NUCYNTA franchise of products in the U.S. to Collegium. In connection with the sale, the Commercialization Agreement terminated at closing with certain specified provisions of the Commercialization Agreement surviving in accordance with the terms of the purchase agreement. During the first quarter of 2020, the Company recognized net revenue from the Commercialization Agreement of $11.3 million. This included variable royalty revenue of $13.1 million offset by the amortization of the $1.8 million net contract asset in connection with the termination of the Commercialization Agreement as a result of the divestiture of NUCYNTA to Collegium.

For the three and six months ended June 30, 2019, the Company recognized $1.0 million and $2.1 million, respectively, of net expense related to the third-party royalties which were paid by Collegium on behalf of Assertio. Collegium paid the full royalty owed to the third-party in 2019 and such amounts, over the course of the calendar year, had no net impact to the Company's Condensed Consolidated Statement of Comprehensive Income.

Contract Assets

The following table reflects changes in the Company's contract assets as of June 30, 2020 (in thousands):

	Balance as of December 31, 2019	Additions	Deductions	Balance as of June 30, 2020
Contract asset - Collegium, net	1,896	—	(1,896)	—

The Collegium contract asset, net represented the conditional right to consideration for completed performance under the Commercialization Agreement arising from the transfer of inventory to Collegium on the date of closing of the agreement in January 2018 net of the contract liability of $10.0 million resulting from the upfront payment received and the $8.8 million of warrants received in connection with the Commercialization Amendment. In connection with the divestiture of NUCYNTA to Collegium the Company amortized the remaining balance of the contract asset in the first quarter of 2020.

Royalties and Milestone Revenue

In November 2010, the Company entered into a license agreement with Tribute Pharmaceuticals Canada Ltd. (now known as Nuvo Pharmaceuticals, Inc.) granting them the rights to commercially market CAMBIA in Canada. Nuvo independently contracts with manufacturers to produce a specific CAMBIA formulation in Canada. The Company receives royalties on net sales on a quarterly basis as well as certain one-time contingent milestone payments upon the occurrence of certain events. The Company recognized revenue related to CAMBIA in Canada, $0.5 million and $0.9 million for the three and six months ended June 30, 2020, respectively, and $0.3 million and $0.9 million for the three and six months ended June 30, 2019, respectively.

NOTE 4. ACCOUNTS RECEIVABLES, NET

The following table reflects accounts receivables, net, as of June 30, 2020 and December 31, 2019 (in thousands):

	June 30, 2020	December 31, 2019
Receivables related to product sales, net	$ 34,653	$ 38,353
Receivables from Collegium	—	4,104
Other	100	287
Total accounts receivable, net	$ 34,753	$ 42,744

As of June 30, 2020 and December 31, 2019, allowances for cash discounts for prompt payment were $1.4 million and $1.2 million, respectively.

NOTE 5. INVENTORIES, NET

The following table reflects the components of inventory, net as of June 30, 2020 and December 31, 2019 (in thousands):

	June 30, 2020	December 31, 2019
Raw materials	$ 1,320	$ 1,065
Work-in-process	6,965	426
Finished goods	17,113	1,921
Total	$ 25,398	$ 3,412

As of June 30, 2020 and December 31, 2019, inventory reserves were $0.6 million and $0.4 million, respectively.

NOTE 6. PROPERTY AND EQUIPMENT, NET

The following table reflects property and equipment as of June 30, 2020 and December 31, 2019 (in thousands):

	June 30, 2020	December 31, 2019
Furniture and office equipment	$ 2,846	$ 2,557
Machinery and equipment	3,655	2,731
Laboratory equipment	221	221
Leasehold improvements	11,320	9,858
	18,042	15,367
Less: Accumulated depreciation and amortization	(10,693)	(11,870)
Property and equipment, net	$ 7,349	$ 3,497

Depreciation expense was $0.4 million and $0.3 million for the three months ended June 30, 2020 and 2019, respectively, and $0.7 million and $0.6 million for the six months ended June 30, 2020 and 2019, respectively.

NOTE 7. INTANGIBLE ASSETS AND GOODWILL

The following table reflects the gross carrying amounts and net book values of intangible assets and goodwill as of June 30, 2020 and December 31, 2019 (dollar amounts in thousands):

	June 30, 2020				December 31, 2019			
	Remaining Useful Life (In years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Book Value
Products rights:								
INDOCIN	5.9	$ 107,500	$ (1,941)	$ 105,559	$ —	$ —	$ —	$ —
SPRIX	5.9	52,500	(948)	51,552	—	—	—	—
CAMBIA	3.5	51,360	(33,595)	17,765	51,360	(31,027)	—	20,333
Zipsor	1.7	27,250	(23,213)	4,037	27,250	(22,044)	—	5,206
Other[1]	Less than 1 year	900	(97)	803	—	—	—	—
NUCYNTA	—	—	—	—	1,019,978	(455,192)	(189,790)	374,996
Total Intangible Assets		$ 239,510	$ (59,794)	$ 179,716	$ 1,098,588	$ (508,263)	$ (189,790)	$ 400,535
Goodwill		$ 14,147	$ —	$ 14,147	$ —	$ —	$ —	$ —

(1) Represents product rights for Oxaydo and Solumatrix products.

Amortization expense was $4.9 million and $12.7 million for the three and six months ended June 30, 2020, respectively, and $25.4 million and $50.9 million for the three and six months ended June 30, 2019, respectively.

In connection with the Zyla Merger, the Company acquired identified intangible assets comprised of definite-lived product rights for INDOCIN, SPRIX Nasal Spray, and other (include product rights for OXAYDO and SOLUMATRIX products) which are amortized on a straight-line basis over their respective estimated useful lives of 5.9 years, 5.9 years and less than one year.

The respective fair values were determined to be $107.5 million, $52.5 million, and $0.9 million, as of the Zyla Merger date of May 20, 2020 (see Note 2, *Acquisitions*).

In addition, the Company recognized $14.1 million of goodwill related to the fair value of the underlying net tangible and identifiable intangible assets net of liabilities resulting from the Zyla Merger. Refer to “Note 2. Acquisitions” for additional details.

In February 2020, the Company divested its remaining rights, title and interest in and to the NUCYNTA franchise of products from the Company. The Company derecognized the remaining carrying value of $369.1 million of the NUCYNTA product rights in the first quarter of 2020.

The following table reflects future amortization expenses the Company expects for its intangible assets (in thousands):

Year Ending December 31,	Estimated Amortization Expense
2020 (remainder)	$ 17,520
2021	34,492
2022	32,335
2023	31,591
2024	26,667
Thereafter	37,111
Total	$ 179,716

NOTE 8. ACCRUED LIABILITIES

The following table reflects accrued liabilities as of June 30, 2020 and December 31, 2019 (in thousands):

	June 30, 2020	December 31, 2019
Accrued compensation	$ 7,999	$ 6,188
Accrued consent fees	4,500	—
Accrued restructuring costs	5,283	3,763
Other accrued liabilities	13,782	8,997
Total accrued liabilities	$ 31,564	$ 18,948

NOTE 9. DEBT

The following table reflects the Company's debt as of June 30, 2020 and December 31, 2019 (in thousands):

	June 30, 2020	December 31, 2019
Series A-1 Notes[1]	$ 50,000	$ —
Series A-2 Notes[1]	45,000	—
2.50% Convertible Notes due 2021	335	145,000
5.00% Convertible Notes due 2024[2]	—	120,000
Royalty rights obligation[3]	3,899	—
Senior Notes[4]	—	162,500
Total principal amount	99,234	427,500
Unamortized debt discounts	(24)	(70,699)
Unamortized debt issuance costs	(2)	(5,543)
Carrying value	99,208	351,258
Less: current portion of long-term debt	(7,374)	(80,000)
Net, long-term debt	$ 91,834	$ 271,258

(1) In connection with the Zyla Merger on May 20, 2020, the Company assumed the obligations of Zyla under its Existing Indenture, and Assertio and the other subsidiaries of the Company (other than Depo DR) became guarantors of Zyla's 13% Senior Secured Notes due 2024.
(2) In connection with 2024 Notes tendered and accepted for purchase in the Offers have been retired and canceled as of June 30, 2020.
(3) In connection with the Zyla Merger on May 20, 2020, the Company assumed the obligations of Zyla under its royalty rights agreement with each holder of its Secured Notes.
(4) During the first quarter of 2020, the Company repaid in full the outstanding aggregate principal amount of senior secured notes (Senior Notes)

13% Senior Secured Notes due 2024

In accordance with the Zyla Merger, Assertio assumed $95.0 million aggregate principal amount of 13% senior secured notes due 2024 (the Secured Notes) issued pursuant to an indenture (the Existing Indenture) entered into on January 31, 2019, by and among Zyla Life Sciences, the guarantors party thereto (the Guarantors) and Wilmington Savings Fund Society, FSB (as successor to U.S. Bank National Association), as trustee and collateral agent (the Trustee). The Secured Notes were issued in two series: $50.0 million of Series A-1 Notes and $45.0 million of Series A-2 Notes. The Secured Notes are reported within current portion of long-term debt and long-term debt on the Condensed Consolidated Balance Sheets. The fair value of assumed debt has been measured based on preliminary estimates using assumptions that management believes are reasonable, and based on information that is currently available.

As of May 20, 2020, the Existing Indenture was modified by a Supplemental Indenture (the Supplemental Indenture and the Existing Indenture, as so modified, the Indenture), pursuant to which Assertio (the Issuer) assumed the obligations as issuer of the Secured Notes and the subsidiaries of Assertio became guarantors of the Secured Notes. The Supplemental Indenture, among other things, provides for certain amendments to the restrictive covenants in the Indenture.

Interest on the Secured Notes accrues at a rate of 13% per annum and is payable semi-annually in arrears on May 1 and November 1 of each year (each, a Payment Date). The Existing Indenture also requires amortization payments of outstanding principal on the Secured Notes equal to 10% per annum, payable semi-annually on each Payment Date

The Secured Notes are senior secured obligations of the Issuer and are secured by a lien on substantially all assets of the Issuer and the guarantors. The stated maturity date of the Secured Notes is January 31, 2024. Upon the occurrence of a Change of Control, subject to certain conditions (as defined in the Existing Indenture), holders of the Secured Notes may require the Issuer to repurchase for cash all or part of their Secured Notes at a repurchase price equal to 100% of the principal amount of the Secured Notes to be repurchased, plus accrued and unpaid interest to the date of repurchase.

The Issuer may redeem the Secured Notes at its option, in whole or in part from time to time, at a redemption price equal to 100% of the principal amount of the Secured Notes being redeemed, plus accrued and unpaid interest, if any, through the redemption date. No sinking fund is provided for the Secured Notes.

Pursuant to the Supplemental Indenture, Assertio and its restricted subsidiaries must also comply with certain covenants, including limitations on the issuance of debt; the issuance of preferred and/or disqualified stock; the payment of dividends and other restricted payments; the prepayment, redemption or repurchase of subordinated debt; mergers, amalgamations or consolidations; engaging in certain transactions with affiliates; and the making of investments. In addition, the Issuer must maintain a minimum level of consolidated liquidity, based on unrestricted cash on hand and availability under any revolving credit facility, equal to the greater of (1) the quotient of the outstanding principal amount of the Secured Notes divided by 9.5 and (2) $7.5 million.

On July 31, 2020, the Company voluntarily redeemed $10.0 million of aggregate principal plus accrued interest on its Secured Notes due 2024.

Royalty Rights Obligation

In accordance with the Zyla Merger, the Company assumed a royalty rights agreements (the Royalty Rights) with each of the holders of its Secured Notes pursuant to which the Company will pay the holders of the Secured Notes an aggregate 1.5% royalty on Net Sales (as defined in the Existing Indenture) through December 31, 2022.

The Royalty Rights were determined to be a freestanding element with respect to the Secured Notes and the Company is accounting for the Royalty Rights obligation relating to future royalties as a debt instrument. The Company has Royalty Rights obligations of $3.9 million as of June 30, 2020, with $1.4 million classified as current and $2.5 million classified as non-current debt in the Company's Condensed Consolidated Balance Sheets.

The accounting for the Royalty Rights requires the Company to make certain estimates and assumptions about the future net sales. The estimates of the magnitude and timing of net sales are subject to significant variability due to the extended time period associated with the financing transaction, and are thus subject to significant uncertainty.

Senior Notes

On April 2, 2015, the Company issued $575.0 million aggregate principal amount of senior secured notes (the Senior Notes) for aggregate gross proceeds of approximately $562.0 million pursuant to a Note Purchase Agreement dated March 12, 2015 (Note Purchase Agreement), among the Company and Deerfield Private Design Fund III, L.P., Deerfield Partners, L.P., Deerfield International Master Fund, L.P., Deerfield Special Situations Fund, L.P., Deerfield Private Design Fund II, L.P., Deerfield Private Design International II, L.P., BioPharma Secured Investments III Holdings Cayman LP, Inteligo Bank Ltd. and Phemus Corporation (collectively, the Purchasers) and Deerfield Private Design Fund III, L.P., as collateral agent. The Company used $550.0 million of the net proceeds received upon the sale of the Senior Notes to fund a portion of the Purchase Price paid to Janssen Pharma in connection with the NUCYNTA acquisition.

The Senior Notes had a maturity date of April 14, 2021 (unless earlier prepaid or repurchased), were secured by substantially all of the assets of the Company and any subsidiary guarantors, and bore interest at the rate equal to the lesser of (i) 9.75% over the three month London Inter-Bank Offer Rate (LIBOR), subject to a floor of 1.0% and (ii) 11.95% (through the third anniversary of the purchase date) and 12.95% (thereafter). The interest rate was determined at the first business day of each fiscal quarter, commencing with the first such date following April 2, 2015. The interest rate for the three months ended June 30, 2020 and 2019 was 11.65% and 12.54%, respectively.

As of February 2020, the Company had repaid in full all outstanding indebtedness, and terminated all commitments and obligations, under its Note Purchase Agreement. The Company used proceeds from the sale of Gralise and NUCYNTA to repay the outstanding principal of $162.5 million. In addition, the Company paid approximately $4.9 million and $4.4 million in prepayment premiums and accrued exit fees, respectively, plus accrued but unpaid interest. In connection with the termination of the Note Purchase Agreement, the Company was released from all security interests, liens and encumbrances under the Note Purchase Agreement.

Convertible Notes

2.50% Convertible Senior Notes Due 2021

On September 9, 2014, the Company issued $345.0 million aggregate principal amount of 2.50% Convertible Senior Notes Due 2021 (the 2021 Notes) which mature on September 1, 2021 and bear interest at the rate of 2.50% per annum, payable semi-annually in arrears on March 1 and September 1 of each year, beginning March 1, 2015.

On August 13, 2019, the Company exchanged (the Convertible Note Exchange) $200.0 million aggregate principal amount of the 2021 Notes for a combination of (a) its new $120.0 million aggregate principal amount of 5.00% Convertible Senior Notes due August 15, 2024 (the 2024 Notes), (b) an aggregate cash payment of $30.0 million, and (c) an aggregate of 15.8 million shares of the Company's common stock. The Company did not receive any cash proceeds from the issuance of the 2024 Notes or the issuance of the shares of its common stock. Upon completion of the Convertible Note Exchange, the aggregate principal amount of the 2021 Notes was reduced by $200.0 million to $145.0 million, the unamortized debt discount and debt issuance costs was reduced by $26.1 million to $18.9 million and the carrying amount of the equity component was reduced by $6.2 million to $112.8 million.

On February 19, 2020, the Company entered into separate, privately negotiated purchase agreements (Purchase Agreements) with a limited number of holders of the Company's currently outstanding 2021 Notes and 2024 Notes. The Company used proceeds from the sale of Gralise and NUCYNTA to repurchase $102.5 million aggregate principal amount of 2021 Notes for a cash payment plus accrued but unpaid interest. The repurchase of the 2021 Notes was accounted for in accordance with ASC 470-50, Debt Modifications and Extinguishments (ASC 470-50). During the first quarter 2020, the Company recognized a $10.3 million loss on debt extinguishment, which represented the difference between the carrying value and the fair value of the 2021 Notes just prior to the repurchase plus transaction costs. The Company also recognized reacquisition of $0.3 million in additional paid-in capital related to the equity component of the 2021 Notes based on the excess of the fair value of total considerations provided against the fair value of the 2021 Notes just prior to the repurchase.

On April 8, 2020, the Company completed its public tender offers to purchase the 2021 Notes for cash in an amount equal to $995.00 per $1,000 principal amount (exclusive of accrued and unpaid interest) from each registered holder of the 2021 Notes. As a result of the tender offer, a total of $42.1 million in aggregate principal amount of the 2021 Notes were properly tendered and purchased by the Company. The tender offer of the 2021 Notes was accounted for in accordance with ASC 470-50. During the three months ended June 30, 2020, the Company recognized a $3.9 million loss on debt extinguishment, which represented the difference between the carrying value and the fair value of the 2021 Notes just prior to the tender offer plus transaction costs.

As a result of the February 2020 repurchase and the April 2020 tender offer transactions, the aggregate principal amount of the 2021 Notes was reduced to $0.3 million and the unamortized debt discount and debt issuance costs eliminated as of June 30, 2020. Based on the Company's intention to settle in cash the total remaining outstanding aggregate principal of 2021 Notes, the liability component of the 2021 Notes is classified as part of current portion of long-term debt on the Company's Condensed Consolidated Balance Sheet as of June 30, 2020.

The closing price of the Company's common stock did not exceed 130% of the $19.24 conversion price, for the required period during the three or six months ended June 30, 2020. As a result, the remaining 2021 Notes were not convertible as of June 30, 2020.

5.00% Convertible Senior Notes Due 2024

On August 13, 2019, as part of the Convertible Note Exchange, the Company issued $120.0 million aggregate principal of 2024 Notes which mature on August 14, 2024 and bear interest at a rate of 5.0%, payable semiannually in arrears on February 15 and August 15 of each year, beginning on February 15, 2020.

On February 19, 2020, the Company entered into separate, privately negotiated purchase agreements (Purchase Agreements) with a limited number of holders of the Company's currently outstanding 2021 Notes and 2024 Notes. The Company used proceeds from the sale of Gralise and NUCYNTA to repurchase $85.5 million aggregate principal amount of 2024 Notes for a cash payment plus accrued but unpaid interest. The repurchase of the 2024 Notes was accounted for in accordance with ASC 470-50. During the first quarter 2020, the Company recognized a $21.3 million loss on debt extinguishment, which represented the difference between the carrying value and the fair value of the 2024 Notes just prior to the repurchase plus transaction costs. The Company also recognized reacquisition of $16.8 million in additional paid-in capital related to the equity component of the 2024 Notes based on the excess of the fair value of total considerations provided against the fair value of the 2024 Notes just prior to the repurchase.

On April 8, 2020, the Company completed its public tender offers to purchase the 2024 Notes for cash in an amount equal to $995.00 per $1,000 principal amount (exclusive of accrued and unpaid interest) from each registered holder of the 2024 Notes. As a result of the tender offer, a total of $34.5 million in aggregate principal amount of the 2024 Notes were properly tendered and purchased by the Company. The tender offer of the 2024 Notes was accounted for in accordance with ASC 470-50. During the three months ended June 30, 2020, the Company recognized a $12.4 million loss on debt extinguishment, which represented the difference between the carrying value and the fair value of the 2024 Notes just prior to

the tender offer plus transaction costs. The Company also recognized reacquisition of $2.7 million in additional paid-in capital related to the equity component of the 2024 Notes based on the excess of the fair value of total considerations provided against the fair value of the 2021 Notes just prior to the repurchase.

As a result of the February 2020 repurchase and the April 2020 tender offer transactions, the 2024 were settled and retired in full with no principal amount and the unamortized debt discount and debt issuance costs recognized as of June 30, 2020.

Interest Expense

Debt discount and debt issuance costs are amortized as interest expense using the effective interest method.
The following table reflects interest expense, net included in the Unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stated coupon interest	$ 1,476	$ 8,758	$ 4,778	$ 19,120
Amortization of debt discount and debt issuance costs	125	6,056	5,511	12,220
Total interest expense	$ 1,601	$ 14,814	$ 10,289	$ 31,340

NOTE 10. STOCK-BASED COMPENSATION

The Company's stock-based compensation generally includes stock options, restricted stock units (RSUs), performance share units (PSUs), and purchases under the Company's employee stock purchase plan (ESPP).

The following table reflects stock-based compensation expense recognized in the Company's Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cost of sales	$ 18	$ 50	$ 41	$ 50
Research and development expense	80	76	243	349
Selling, general and administrative expense	2,496	2,508	4,244	4,937
Restructuring charges	999	—	999	—
Total	$ 3,593	$ 2,634	$ 5,527	$ 5,336

The recognized tax benefit on total stock-based compensation expense during the three and six months ended June 30, 2020 and 2019 was $0.3 million and $0.8 million.

During the six months ended June 30, 2020 the Company granted 7.2 million RSUs at an average fair market value of $0.83 per share and 5.7 million options at an average fair market value of $0.50 per share, which includes 5.0 million in options granted as part of the Zyla Merger.

NOTE 11. LEASES

The Company has non-cancelable operating leases for its offices and laboratory facility, automobiles used by its sales force, and certain operating leases for office equipment.

The Company relocated its corporate headquarters from Newark, California to Lake Forest in 2018 and subsequently entered into two subleases which, together, account for the entirety of the Newark facility. Each sublease contained abated rent periods resulting in reduced operating lease cash flows through May 2019. Operating lease costs and sublease income related to the Newark facility are accounted for in Other loss in the Condensed Consolidated Statements of Comprehensive Income. The Company has the right to renew the term of the Lake Forest lease for one period of five years, provided that written notice is

made to the Landlord no later than twelve months prior to the expiration of the initial term of the Lease. In connection with the Zyla Merger, the Company assumed an operating lease for offices in Wayne, Pennsylvania and operating leases for automobiles used by its sales force.

The following table reflects lease expense for the three and six months ended June 30, 2020 and 2019 (in thousands):

		Three Months Ended June 30, 2020		Six Months Ended June 30,	
	Financial Statement Classification	2020	2019	2020	2019
Operating lease cost	Selling, general and administrative expenses	$ 216	$ 178	$ 373	$ 365
Operating lease cost	Other loss	147	147	295	295
Total lease cost		$ 363	$ 325	$ 668	$ 660
Sublease Income	Other loss	$ 346	$ 361	$ 693	$ 723

NOTE 12. COMMITMENTS AND CONTINGENCIES

Cosette Pharmaceuticals Supply Agreement

Pursuant to the Zyla Merger, the Company assumed a Collaborative License, Exclusive Manufacture and Global Supply Agreement with Cosette Pharmaceuticals, Inc. (formerly G&W Laboratories, Inc.) (the "Supply Agreement") for the manufacture and supply of INDOCIN Suppositories to Zyla for commercial distribution in the United States. The Company is obligated to purchase all of its requirements for INDOCIN Suppositories from Cosette Pharmaceuticals, Inc., and are required to meet minimum purchase requirements for the calendar year 2020. The term of the Supply Agreement extends through July 31, 2023, and there are no minimum requirements in any of the other subsequent years. Total commitments to Cosette Pharmaceuticals, Inc are $6.5 million in 2020.

Catalent Pharma Solutions Commercial Supply Agreement

Pursuant to the Zyla Merger, the Company assumed a Commercial Supply Agreement ("CSA") with Catalent Pharma Solutions ("Catalent") for the manufacture of certain specified products. Based on the CSA, the Company is obligated to purchase certain minimum amounts of manufacturing and product maintenance services on an annual basis for the term of the contract ("Minimum Requirement") through September 2021. Total commitments to Catalent are $1.0 million through the period ending September 2021.

Jubilant HollisterStier Manufacturing and Supply Agreement

Pursuant to the Zyla Merger, the Company assumed a Manufacturing and Supply Agreement (the "Agreement") with Jubilant HollisterStier LLC ("JHS") pursuant to which the Company engaged JHS to provide certain services related to the manufacture and supply of SPRIX® (ketorolac tromethamine) Nasal Spray for the Company's commercial use. Under the Agreement, JHS will be responsible for supplying a minimum of 75% of the Company's annual requirements of SPRIX through July 30, 2022. The Company has agreed to purchase a minimum number of batches of SPRIX per calendar year from JHS over the term of the Agreement. Total commitments to JHS are $2.9 million through the period ending July 30, 2022.

Pursuant to the Zyla Merger, the Company assumed the following rights and obligations.

Purchase Agreement with Iroko Pharmaceuticals, Inc.

On October 30, 2018, Zyla entered into a Purchase Agreement with Iroko pursuant to which, upon the terms and subject to the conditions set forth therein, Zyla acquired certain assets and rights of Iroko, referred to in the Purchase Agreement as the "Transferred Assets," and assumed certain liabilities of Iroko, referred to in the Purchase Agreement as the "Assumed Liabilities," including assets related to Iroko's marketed products, the SOLUMATRIX products under the iCeutica License Agreement and the INDOCIN products. The Iroko Products Acquisition was completed by Zyla on January 31, 2019.

iCeutica License Agreement

Pursuant to the Purchase Agreement, on the Effective Date, Zyla assumed the rights and obligations of Iroko and its subsidiaries pursuant to the Amended and Restated Nano-Reformulated Compound License Agreement, dated October 30, 2018 (the "iCeutica License"), with iCeutica Inc. and iCeutica Pty Ltd. (collectively, "iCeutica") to license certain technology and intellectual property related to iCeutica's SOLUMATRIX® technology, meloxicam and certain other rights of iCeutica.

Pursuant to the iCeutica License, iCeutica granted to Zyla (as the assignee of Iroko) a sole and exclusive, world-wide right and license under certain iCeutica intellectual property to make, use, sell, offer and import certain products made from the compounds indomethacin, diclofenac, naproxen and meloxicam. In consideration of the grant of the iCeutica License, Zyla is obligated to pay to iCeutica a mid-single digit royalty on all Net Sales of any licensed products, including pro rata portions of any combination products that include a licensed product.

The iCeutica License will terminate on a country-by-country basis upon the expiration of the last-to-expire of any licensed patent rights in such country, and otherwise twenty years after the date of the first commercial introduction of a licensed product in such country. Either party may terminate the license in its entirety if the other party materially breaches the License Agreement, subject to applicable cure periods. The iCeutica License also contains customary provisions for an agreement of this type related to intellectual property matters, confidentiality, representations and warranties and indemnification.

On January 27, 2020, Zyla entered into a Second Amended and Restated Nano-Reformulated Compound License Agreement with iCuetica (the "Amended iCeutica License"). Under the Amended iCeutica License, effective on January 1, 2020, Zyla would pay a fixed annual license fee, which is subject to reduction if Zyla terminates its rights to one or more of the licensed products, in lieu of an obligation to reimburse iCeutica for ex-U.S. patents costs.

Legal Matters

Glumetza Antitrust Litigation

Antitrust class actions and related direct antitrust actions have been filed in the Northern District of California against the Company and several other defendants relating to the drug Glumetza®. The named class representatives in the currently pending actions include Meijer, Inc., Bi-Lo, LLC, Winn-Dixie Logistics, Inc., City of Providence, and KPH Healthcare Services, Inc. These class representatives seek to represent a putative class of direct purchasers of Glumetza. In addition, several retailers, including CVS Pharmacy, Inc., Rite Aid Corporation, Walgreen Co., the Kroger Co., the Albertsons Companies, Inc., H-E-B, L.P., and Hy-Vee, Inc., have filed substantially similar direct antitrust claims based on alleged assignments of claims from direct purchaser wholesalers. On December 23, 2019, the Company filed a motion to dismiss all claims in the actions. That motion was heard by the District Court on February 20, 2020. On March 5, 2020 the District Court issued an order denying the motion to dismiss. However, based on the order on the motion, claims previously filed by a putative class of end payor plaintiffs were voluntarily dismissed. On July 30, 2020, Humana Inc. also filed a complaint against the Company in the Northern District of California alleging similar claims related to Glumetza®.

These antitrust cases arise out of a Settlement and License Agreement (the Settlement) that the Company, Santarus, Inc. (Santarus) and Lupin Limited (Lupin) entered into in February 2012 that resolved patent infringement litigation filed by the Company against Lupin regarding Lupin's Abbreviated New Drug Application for generic 500 mg and 1000 mg tablets of Glumetza. The antitrust plaintiffs allege, among other things, that the Settlement violated the antitrust laws because it allegedly included a "reverse payment" that caused Lupin to delay its entry in the market with a generic version of Glumetza. The alleged "reverse payment" is an alleged commitment on the part of the settling parties not to launch an authorized generic version of Glumetza for a certain period. The antitrust plaintiffs allege that the Company and its co-defendants, which include Lupin as well as Bausch Health (the alleged successor in interest to Santarus) are liable for damages under the antitrust laws for overcharges that the antitrust plaintiffs allege they paid when they purchased the branded version of Glumetza® due to delayed generic entry. Plaintiffs seek treble damages for alleged past harm, attorneys' fees and costs.

Fact discovery has closed, and the parties are currently conducting expert discovery. A hearing on the direct purchasers' class certification was held on August 6, 2020. The Company intends to defend itself vigorously in these matters.

Securities Class Action Lawsuit and Related Matters

On August 23, 2017, the Company, two individuals who formerly served as its chief executive officer and president, and its former chief financial officer were named as defendants in a purported federal securities law class action filed in the U.S. District Court for the Northern District of California (the District Court). The action (*Huang v. Depomed et al.*, No. 4:17-

cv-4830-JST, N.D. Cal.) alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 relating to certain prior disclosures of the Company about its business, compliance, and operational policies and practices concerning the sales and marketing of its opioid products and contends that the conduct supporting the alleged violations affected the value of Company common stock and is seeking damages and other relief. In an amended complaint filed on February 6, 2018, the lead plaintiff (referred to in its pleadings as the Depomed Investor Group), which seeks to represent a class consisting of all purchasers of Company common stock between July 29, 2015 and August 7, 2017, asserted the same claims arising out of the same and similar disclosures against the Company and the same individuals as were involved in the original complaint. The Company and the individuals filed a motion to dismiss the amended complaint on April 9, 2018. On March 18, 2019, the District Court granted the motion to dismiss without prejudice, and the plaintiffs filed a second amended complaint on May 2, 2019. The second amended complaint asserted the same claims arising out of the same and similar disclosures against the Company and the same individuals as were involved in the original complaint. The Company and the individuals filed a motion to dismiss the second amended complaint on June 17, 2019. The lead plaintiff filed an opposition to the motion on August 1, 2019. The Company and the individuals filed a reply in support of their motion to dismiss on August 30, 2019. The District Court held oral argument on December 18, 2019. On March 11, 2020, the District Court granted the motion to dismiss the second amended complaint. On April 9, 2020, the plaintiffs filed a notice of appeal with the United States Court of Appeals for the Ninth Circuit. The Company believes that the action is without merit and intends to contest it vigorously.

In addition, five shareholder derivative actions were filed on behalf of the Company against its officers and directors for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of the federal securities laws. The claims arise out of the same factual allegations as the class action. The first derivative action was filed in the Superior Court of California, Alameda County on September 29, 2017 (*Singh v. Higgins et al*., RG17877280). The second and third actions were filed in the Northern District of California on November 10, 2017 (*Solak v. Higgins et al*., No. 3:17-cv-6546-JST) and November 15, 2017 (*Ross v. Fogarty et al*., No. 3:17-cv-6592- JST). The fourth action was filed in the District of Delaware on December 21, 2018 (*Lutz v. Higgins et al*, No. 18-2044-CFC). The fifth derivative action was filed in the Superior Court of California, Alameda County on January 28, 2019 (*Youse v. Higgins et al*, No. HG19004409). On December 7, 2017, the plaintiffs in *Solak v. Higgins*, *et al.* voluntarily dismissed the first federal derivative action. The *Ross*, *Singh*, and *Lutz* actions were stayed on January 18, 2018, January 23, 2018, and January 11, 2019, respectively, pending the resolution of the motion to dismiss in the securities class action. On May 28, 2019, during a brief lift of the stay in the *Singh* and *Youse* actions while the parties' motion to consolidate was pending, after having been ordered to respond to the *Singh* and *Youse* complaints, the Company did so by filing demurrers. On July 12, 2019, the *Singh* and *Youse* actions were consolidated, and the consolidated matter was stayed pending the resolution of the motion to dismiss in the federal class action. The plaintiffs have indicated that they intend to file an amended consolidated complaint. The Company believes that these actions are without merit and intends to contest them vigorously.

Opioid-Related Request and Subpoenas

As a result of the greater public awareness of the public health issue of opioid abuse, there has been increased scrutiny of, and investigation into, the commercial practices of opioid manufacturers generally by federal, state, and local regulatory and governmental agencies. In March 2017, the Company received a letter from then-Sen. Claire McCaskill (D-MO), the then-Ranking Member on the U.S. Senate Committee on Homeland Security and Governmental Affairs, requesting certain information from the Company regarding its historical commercialization of opioid products. The Company voluntarily furnished information responsive to Sen. McCaskill's request. Since 2017, the Company has received and responded to subpoenas from the U.S. Department of Justice (DOJ) seeking documents and information regarding its historical sales and marketing of opioid products. The Company has also received and responded to subpoenas or civil investigative demands focused on its historical promotion and sales of Lazanda, NUCYNTA, and NUCYNTA ER from various state attorneys general seeking documents and information regarding the Company's historical sales and marketing of opioid products. In addition, the Company received and responded to a subpoena from the State of California Department of Insurance (CDI) seeking information relating to its historical sales and marketing of Lazanda. The CDI subpoena also seeks information on Gralise, a non-opioid product formerly in the Company's portfolio. In addition, the Company received and responded to a subpoena from the New York Department of Financial Services seeking information relating to its historical sales and marketing of opioid products. The Company also from time to time receives and complies with subpoenas from governmental authorities related to investigations primarily focused on third parties, including healthcare practitioners. The Company is cooperating with the foregoing governmental investigations and inquiries.

Multidistrict Opioid Litigation

A number of pharmaceutical manufacturers, distributors and other industry participants have been named in numerous lawsuits around the country brought by various groups of plaintiffs, including city and county governments, hospitals and others. In general, the lawsuits assert claims arising from defendants' manufacturing, distributing, marketing and promoting of FDA-approved opioid drugs. The specific legal theories asserted vary from case to case, but most of the lawsuits include federal and state statutory claims as well as claims arising under state common law. Plaintiffs seek various forms of damages, injunctive and other relief and attorneys' fees and costs.

For such cases filed in or removed to federal court, the Judicial Panel on Multi-District Litigation issued an order in December 2017, establishing a Multi-District Litigation court (MDL Court) in the Northern District of Ohio (In re National Prescription Opiate Litigation, Case No. 1:17-MD-2804). Since that time, more than 2,000 such cases that were originally filed in U.S. District Courts, or removed to federal court from state court, have been transferred to the MDL Court. The Company is currently involved in a subset of the lawsuits that have been transferred to the MDL Court. The Company is also involved in other federal lawsuits that have not yet been transferred to the MDL Court pending a determination of whether those lawsuits should proceed in state or other originating court. Plaintiffs may file additional lawsuits in which the Company may be named. Plaintiffs in the pending federal cases involving the Company include individuals, county and municipal governmental entities, employee benefit plans, hospitals, health clinics and health insurance providers who assert federal and state statutory claims and state common law claims, such as conspiracy, nuisance, fraud, negligence, gross negligence, deceptive trade practices, and products liability claims (defective design/failure to warn). In these cases, plaintiffs seek a variety of forms of relief, including actual damages to compensate for alleged personal injuries and for alleged past and future costs such as to provide care and services to persons with opioid-related addiction or related conditions, injunctive relief, including to prohibit alleged deceptive marketing practices and abate an alleged nuisance, establishment of a compensation fund, disgorgement of profits, punitive and statutory treble damages, and attorneys' fees and costs. These lawsuits are in the earliest stages of proceedings, and the Company intends to defend itself vigorously in these matters.

State Opioid Litigation

Related to the cases in the MDL Court noted above, there have been hundreds of similar lawsuits filed in state courts around the country, in which various groups of plaintiffs assert opioid-drug related claims against similar groups of defendants. The Company is currently named in a subset of those cases, including cases in Alabama, Arkansas, Florida, Missouri, Pennsylvania, Texas and Utah. Plaintiffs may file additional lawsuits in which the Company may be named. In the pending cases involving the Company, plaintiffs are asserting state common law and statutory claims against the defendants similar in nature to the claims asserted in the MDL cases. Plaintiffs are seeking past and future damages, disgorgement of profits, injunctive relief, punitive and statutory treble damages, and attorneys' fees and costs. These lawsuits are likewise in their earliest stages, and the Company intends to defend itself vigorously in these matters.

Insurance Litigation

On January 15, 2019, the Company was named as a defendant in a declaratory judgment action filed by Navigators Specialty Insurance Company (Navigators) in the U.S. District Court for the Northern District of California (Case No. 3:19-cv-255). Navigators is the Company's primary product liability insurer. Navigators is seeking declaratory judgment that opioid litigation claims noticed by the Company (as further described above under "Multidistrict Opioid Litigation" and "State Opioid Litigation") are not covered by the Company's life sciences liability policies with Navigators. The Company filed a counterclaim on February 28, 2019. Navigators filed an answer on April 11, 2019. This litigation is ongoing. The Company filed a summary judgment briefing relating to Navigators' duty to defend the opioid litigation on July 31, 2020, and expects to receive a ruling in 2021.

General

The Company cannot reasonably predict the outcome of the legal proceedings described above, nor can the Company estimate the amount of loss, range of loss or other adverse consequence, if any, that may result from these proceedings or the amount of any gain in the event the Company prevails in litigation involving a claim for damages. As such the Company is not currently able to estimate the impact of the above litigation on its financial position or results of operations.

The Company may from time to time become party to actions, claims, suits, investigations or proceedings arising from the ordinary course of its business, including actions with respect to intellectual property claims, breach of contract claims, labor and employment claims and other matters. The Company may also become party to further litigation in federal and state courts relating to opioid drugs. Although actions, claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, other than the matters set forth above, the Company is not currently involved in any

matters that the Company believes may have a material adverse effect on its business, results of operations or financial condition. However, regardless of the outcome, litigation can have an adverse impact on the Company because of associated cost and diversion of management time.

NOTE 13. RESTRUCTURING CHARGES

The Company continually evaluates its operations to identify opportunities to streamline operations and optimize operating efficiencies as an anticipation to changes in the business environment.

In November 2019, the Company announced an acceleration of cost-saving initiatives that included a decision to discontinue its relationship with its contract sales organization, a reduction in the use of certain outside vendors and consultants, and the reorganization of certain functions resulting in a reduction of staff at its headquarters office and remote positions during the fourth quarter of 2019. As a result, $3.9 million of severance and benefits costs for the reduction of staff were recognized during the year ended December 31, 2019. The 2019 cost-saving initiative was substantially complete as of December 31, 2019.

In April 2020, the Company executed a limited reduction to its sales force due to the impact of COVID-19 on its ability to see in-person providers who prescribe our products. As a result, $0.6 million of severance and benefits costs was recognized during the three months ended June 30, 2020. This initiative was completed during the second quarter of 2020.

Subsequent to the Zyla Merger in May 2020, the Company began implementing reorganization plans of its workforce and other restructuring activities to realize the synergies of the Zyla Merger and to re-align resources to strategic areas and drive growth. The reorganization plan primarily focused on reduction of staff at the Company's headquarters offices. As a result, $4.8 million of severance and benefits costs, $1.0 million of stock-based compensation expense associated with equity modifications for certain executives and $0.1 million of other exit costs were recognized as restructuring cost during the three months ended June 30, 2020.

The following table reflects total expenses related to restructuring activities recognized within the Condensed Consolidated Statement of Comprehensive Income as restructuring costs (in thousands):

	Three Months Ended June 30,	Six Months Ended June 30,
	2020	2020
Employee compensation costs	$ 5,435	$ 5,435
Equity compensation costs	999	999
Other exit costs	85	85
Total restructuring costs	$ 6,519	$ 6,519

The following table reflects cash activity relating to the Company's accrued restructure as of June 30, 2020 (in thousands):

	Employee compensation costs	Other exit costs	Total
Balance at December 31, 2019	$ 3,763	$ —	$ 3,763
Cash paid	(2,431)	—	(2,431)
Balance at March 31, 2020	$ 1,332	$ —	$ 1,332
Net accrual additions	5,435	85	5,520
Cash paid	(1,484)	(85)	(1,569)
Balance at June 30, 2020	$ 5,283	$ —	$ 5,283

As of June 30, 2020, the remaining accrued restructuring liability balance of $5.3 million primarily related to the Zyla Merger restructuring activities and was classified as a current liability in the Condensed Consolidated Balance Sheet.

NOTE 14. NET INCOME (LOSS) PER SHARE

Basic net (loss) income per share is calculated by dividing the net (loss) income by the weighted-average number of shares of common stock outstanding during the period. Diluted net (loss) income per share is calculated by dividing the net income by the weighted-average number of shares of common stock outstanding during the period, plus potentially dilutive

common shares, consisting of stock options and convertible debt. The 12,430,913 shares of common stock issuable upon the exercise of warrants are included in the number of outstanding shares used for the computation of basic and diluted loss per share (see Note 2, *Acquisitions*). The Company uses the treasury-stock method to compute diluted earnings per share with respect to its stock options and equivalents. The Company uses the if-converted method to compute diluted earnings per share with respect to its convertible debt. For purposes of this calculation, options to purchase stock are considered to be potential common shares and are only included in the calculation of diluted net (loss) income per share when their effect is dilutive. The following table reflects the calculation of basic and diluted earnings per common share for the three and six months ended June 30, 2020 and 2019 (in thousands, except for per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Basic net income (loss) per share				
Net (loss) income	$ (34,499)	$ (13,605)	$ 6,731	$ (27,906)
Weighted average common shares and warrants outstanding	98,558	64,480	89,835	64,405
Basic net (loss) income per share	$ (0.35)	$ (0.21)	$ 0.07	$ (0.43)
Diluted net income (loss) per share				
Net (loss) income	$ (34,499)	$ (13,605)	$ 6,731	$ (27,906)
Weighted average common shares and warrants outstanding	98,558	64,480	89,835	64,405
Add: effect of dilutive stock options, awards, and equivalents	—	—	401	—
Denominator for diluted income (loss) per share	98,558	64,480	90,236	64,405
Diluted net loss per share	$ (0.35)	$ (0.21)	$ 0.07	$ (0.43)

The following table reflects outstanding potentially dilutive common shares that are not included in the computation of diluted net income (loss) per share, because to do so would be anti-dilutive, for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
2.5% Convertible Notes debt 2021	234	17,931	2,685	17,931
5.0% Convertible Notes debt 2024	1,105	—	13,738	—
Stock options, awards and equivalents	10,500	7,027	7,826	6,568
Total potentially dilutive common shares	11,839	24,958	24,249	24,499

NOTE 15. FAIR VALUE

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

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

The following table reflects the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2020 and December 31, 2019 (in thousands):

June 30, 2020	Financial Statement Classification	Level 1	Level 2	Level 3	Total
Assets:					
Money market funds	Cash and cash equivalents	$ 77	$ —	$ —	$ 77
Total		$ 77	$ —	$ —	$ 77
Liabilities:					
Short-term contingent consideration	Contingent consideration, current portion	$ —	$ —	$ 8,700	$ 8,700
Long-term contingent consideration	Contingent consideration	—	—	20,859	20,859
Total		$ —	$ —	$ 29,559	$ 29,559

December 31, 2019	Financial Statement Classification	Level 1	Level 2	Level 3	Total
Assets:					
Collegium warrants	Investments	$ —	$ 9,629	$ —	$ 9,629
Total		$ —	$ 9,629	$ —	$ 9,629
Liabilities:					
Contingent consideration	Contingent consideration liability	$ —	$ —	$ 168	$ 168
Total		$ —	$ —	$ 168	$ 168

Cash equivalents primarily consisted of money market funds with overnight liquidity and no stated maturities. The Company classified cash equivalents as Level 1, due to their short-term maturity, and measured the fair value based on quoted prices in active markets for identical assets.

Pursuant to the Zyla Merger, the Company assumed a contingent consideration obligation which is measured at fair value. The contingent consideration fair value represents the estimated fair value of the royalty payments (Royalty Consideration) owed by the Company to Iroko. The Company has obligations to make contingent payment consideration for future royalties to Iroko based upon annual INDOCIN product net sales over $20.0 million. The Company recorded the fair value of these contingent liabilities, based on the likelihood of contingent earn-out payments. The earn-out payments are subsequently remeasured to fair value each reporting date. The Company classified the acquisition-related contingent consideration liabilities to be settled in cash as Level 3, due to the lack of relevant observable inputs and market activity. Changes in assumptions described above could have an impact on the payout of contingent consideration. As of June 30, 2020, the balance of assumed contingent consideration from the Zyla Merger was $8.7 million and $20.7 million and classified as short-term and long-term Contingent consideration, respectively, in the Condensed Consolidated Balance Sheet.

The fair value of the contingent consideration was determined on the date of acquisition, May 20, 2020, using an option pricing model under the income approach based on estimated INDOCIN product revenues over 10 years, and discounted to present value at a rate of 11.0%. The fair value of the contingent consideration is remeasured each reporting period, with changes in the fair value resulting from a change in the underlying inputs are recognized in operating expenses until the

contingent consideration arrangement is settled. Changes in the fair value of contingent consideration resulting from the passage of time are recorded within interest expense until the contingent consideration is settled.

The fair value of the warrants to purchase Collegium's common stock was calculated using the Black-Scholes option pricing model. As of the first quarter of 2020, the significant inputs included the fair value of Collegium's common stock of $16.33, an expected term of 2.61 years and a risk-free rate of 0.27%. The expected term was based on the remaining contractual period of 2.61 years, and the volatility was determined using Collegium's historical common stock volatility over the expected term.

In May 2020, the Company sold the Collegium warrants for an aggregate purchase price of $6.0 million to Armistice Capital Mater Fund, Ltd. As a result, the Company derecognized the remaining carrying value of $6.5 million of the financial asset and recognized a net loss of approximately $0.5 million as of June 30, 2020.

When determining the estimated fair value of the Company's debt, the Company uses a commonly accepted valuation methodology and market-based risk measurements that are indirectly observable, such as credit risk.

There were no transfers between Level 1, Level 2 or Level 3 of the fair value hierarchy during the three and six months ended June 30, 2020 and 2019.

NOTE 16. INCOME TAXES

As of June 30, 2020, the Company's net deferred tax assets are fully offset by a valuation allowance. The valuation allowance is determined in accordance with the provisions of ASC 740, *Income Taxes*, which require an assessment of both negative and positive evidence when measuring the need for a valuation allowance. Based on the weight of available evidence, the Company recorded a full valuation allowance against the Company's net deferred assets beginning in the fourth quarter of 2016, and continues to provide a full valuation allowance against the its net deferred assets in subsequent quarters. The Company reassesses the need for a valuation allowance on a quarterly basis. If it is determined that a portion or all of the valuation allowance is not required, it will generally be a benefit to the income tax provision in the period such determination is made.

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, a massive tax-and-spending package intended to provide additional economic relief to address the impact of the COVID-19 pandemic. The CARES Act, among other business tax provisions, included legislative changes and updates to IRC sections 172, 163(j), and 168, resulting in impacting net operating losses, interest disallowance, and depreciation for qualified improvement property. The Company's intention to carryback 2020 taxable loss to 2018 and 2019 resulted in the release of valuation allowance which was recorded to beginning deferred tax asset balance. For the six months ended June 30, 2020, the Company recorded an income taxes benefit of approximately $7.4 million. The difference between the income tax benefit of $7.4 million and the tax at the statutory rate of 21.0% to date on current year operations is principally due to the partial release of valuation allowance recorded against the beginning of year deferred tax asset related to the net operating loss (NOL) carryback to the 2018 and 2019 tax years now permitted by the CARES Act.

For the six months ended June 30, 2019, the Company recorded an expense from income taxes of approximately $1.4 million that represents an effective tax rate of (5.2)%. The difference between the recorded provision for income taxes and the income tax benefit based on the statutory federal tax rate of 21.0% was primarily attributable to the impact of the valuation allowance.

The Company files income tax returns in the United States federal jurisdiction and in various states, and the tax returns filed for the years 1997 through 2017 and the applicable statutes of limitation have not expired with respect to those returns. Because of net operating losses and unutilized R&D credits, substantially all of the Company's tax years remain open to examination. The Company exhausted all the federal research and development credit in the 2018 tax return. Although the NOL carryback from CARES Act will result in making R&D credit utilized in 2018 available for future use, the percentage of unrecognized tax benefit against the R&D credit remains reserved, and the rest will be offset by valuation allowance. Interest and penalties, if any, related to unrecognized tax benefits, would be recognized as income tax expense by the Company. At June 30, 2020 the Company did not have any accrued interest and penalties associated with unrecognized tax benefits.

NOTE 17. DISPOSITIONS

Sale of Gralise

On December 12, 2019, the Company entered into an Asset Purchase Agreement with Golf Acquiror LLC, an affiliate of Alvogen, Inc. (Alvogen) to divest its rights, title and interest in and to Gralise, including certain related assets, to Alvogen. The transaction subsequently closed on January 10, 2020. At closing, the Company received $78.6 million, including a $75.0 million base purchase price and a preliminary positive inventory adjustment equal to $3.6 million. In addition, the Company is entitled to receive 75% of Alvogen's first $70.0 million of Gralise net sales after closing, a total of $52.5 million, as contingent consideration. Alvogen has also assumed, pursuant to the terms of the Asset Purchase Agreement, certain contracts, liabilities and obligations of the Company relating to Gralise, including those related to manufacturing and supply, post-market commitments and clinical development costs.

On June 3, 2020 Alvogen agreed to and disbursed the contingent consideration due to satisfy its remaining obligations to the Company pursuant to the Asset Purchase Agreement. As consideration for the early disbursement, the Company agreed to reduce the total payments due from Alvogen by $0.9 million, which was recognized as an adjustment to the gain on the sale of Gralise of the Condensed Consolidated Statement of Comprehensive Income during the three months ended June 30, 2020. During the six month ended June 30, 2020, the Company collected a total of $51.6 million from Alvogen which settle the $52.5 million in contingent consideration receivable for the sale of Gralise.

Pursuant to ASC 205-20, *Presentation of Financial Statements— Discontinued Operations*, Gralise did not meet the criteria of a discontinued operation as it was not considered a component of an entity that comprises operations and cash flows

that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company, nor did it represent a strategic shift of the Company. The Company accounted for the divestiture under ASC 610-20 *Other Income - Derecognition of Nonfinancial Assets*. During the first quarter of 2020, the Company recognized a gain of $127.5 million in Other income on the Company's Condensed Consolidated Statements of Comprehensive Income composed of the $78.6 million in upfront consideration received and $52.5 million in contingent consideration deemed to be probable, net of $3.6 million in inventory transferred. In addition, the Company recognized co-promotion service income of approximately $1.3 million and Co-promotion services were completed as of the first quarter of 2020.

Termination of Slán Agreements

On November 7, 2017, the Company entered into an agreement with Slán Medicinal Holdings Limited (Slán) under which it (i) acquired from Slán certain rights to market the specialty drug, long-acting cosyntropin in the U.S. and (ii) divested to Slán all of its rights to Lazanda® (fentanyl) Nasal Spray CII. As consideration for this acquisition, the Company provided the seller all of the rights and obligations, as defined under the arrangement, associated with Lazanda and together with $5.0 million in cash to Slán.

As outlined in the Slán Agreements, each party would support the development, including clinical development, of the licensed product and efforts to obtain regulatory approval of the initial NDA. Subsequent to approval of the initial NDA, Assertio and Slán would share in the net sales of long-acting cosyntropin for a 10-year period (after which time the product will revert back to Slán). As of December 31, 2019, the Company had $2.0 million of reimbursable development expenses in Prepaid and other current assets on the Company's Condensed Consolidated Balance Sheet.

On February 6, 2020, the Company entered into an amended agreement with Eolas Pharma Teoranta (Eolas), an affiliate of Slán. Pursuant to the amendment the license granted to the Company for the commercialization of long-acting cosyntropin was terminated and the Company received $2.0 million in settlement of the December 31, 2019 receivable for reimbursable development expenses. Additionally, the Company may receive up to $10.0 million in future payments based upon commercial sales of long-acting cosyntropin if Eolas successfully obtains regulatory approval for and commercializes the product.

Sale of NUCYNTA

On February 6, 2020, the Company entered into a Purchase Agreement with Collegium, to divest its remaining rights, title and interest in and to the NUCYNTA franchise of products from the Company, and assumed certain contracts, liabilities and obligations of the Company relating to the NUCYNTA products, including those related to manufacturing and supply, post-market commitments and clinical development costs. The transaction subsequently closed on February 13, 2020.

The Company received $367.9 million in net proceeds, which consisted of $375.0 million in base purchase price, plus $6.0 million in preliminary positive inventory value and less $13.1 million for royalties paid to the Company by Collegium between January 1, 2020 and February 11, 2010 pursuant to the Final Commercialization Agreement Payment Value of the Asset Purchase Agreement. In connection with the sale, the Company entered into a third-party consent agreement which requires two lump sum payments of $4.5 million each payable in 2021 and 2022 subject to Collegium achieving certain net sales in 2020 and 2021, respectively.

Since January 9, 2018, Collegium has been responsible for the commercialization of NUCYNTA in the U.S., including sales and marketing, and the Company received royalties based on certain net sales thresholds, in accordance with the Commercialization Agreement. The Commercialization Agreement terminated at closing with certain specified provisions of the Commercialization Agreement surviving in accordance with the terms of the Purchase Agreement.

Pursuant to ASC 205-20, the divestiture of NUCYNTA did not meet the criteria of a discontinued operation as it was not considered a strategic shift. The Company accounted for the divestiture under ASC 610-20 *Other Income - Derecognition of Nonfinancial Assets*. During the first quarter of 2020, the Company recognized a net loss of $15.8 million in Other income which was comprised of the $367.9 million in consideration received less the $369.1 million carrying value of the NUCYNTA intangible derecognized, $5.6 million in net book value of inventory transferred, and $9.0 million in accrued third-party consent fees. During the three months ended June 30, 2020, the Company received $1.0 million in net proceeds from Collegium for settlement of expense reimbursement pursuant to the Purchase Agreement which was recognized as a gain in Other income.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION

Statements made in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q that are not statements of historical fact are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). We have based these forward-looking statements on our current expectations and projections about future events. Our actual results could differ materially from those discussed in, or implied by, these forward-looking statements. Forward-looking statements are identified by words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Forward-looking statements include, but are not necessarily limited to, those relating to:

- the potential impacts of the ongoing COVID-19 pandemic on the Company's liquidity, capital resources, operations and business and those of the third parties on which it relies, including suppliers and distributors;
- our ability to achieve the growth prospects and synergies expected from our merger with Zyla Life Sciences, as well as delays, challenges and expenses, and unexpected costs associated with integrating and operating the combined company's businesses;
- our ability to successfully pursue business development, strategic partnerships, and investment opportunities to build and grow for the future;
- the commercial success and market acceptance of our products;
- the outcome of our opioid-related investigations, our opioid-related litigation brought by state and local governmental entities and private parties, and our insurance, antitrust and other litigation, and the costs and expenses associated therewith;
- any additional patent infringement or other litigation, investigation or proceeding that may be instituted related to us or any of our products, product candidates or products we may acquire;
- our ability to generate sufficient cash flow from our business to make payments on our indebtedness, our ability to restructure or refinance our indebtedness and our compliance with the terms and conditions of the agreements governing our indebtedness;
- our common stock regaining compliance with Nasdaq's minimum closing bid requirement of at least $1.00 per share;
- our and our collaborative partners' compliance or non-compliance with legal and regulatory requirements related to the development or promotion of pharmaceutical products in the U.S.;
- our plans to acquire, in-license or co-promote other products, and/or acquire companies;
- the timing and results of our and our collaborative partners' research and development efforts including clinical studies relating to our and our collaborative partners' product candidates;
- our ability to raise additional capital, if necessary;
- our ability to successfully develop and execute our sales and marketing strategies;
- variations in revenues obtained from commercialization and collaborative agreements, including contingent milestone payments, royalties, license fees and other contract revenues, including non-recurring revenues, and the accounting treatment with respect thereto;
- our collaborative partners' compliance or non-compliance with obligations under our collaboration agreements; and
- our ability to attract and retain key executive leadership.

Factors that could cause actual results or conditions to differ from those anticipated by these and other forward-looking statements include those more fully described and incorporated by reference in the "**RISK FACTORS**" section and elsewhere in this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, in our Quarterly Report on Form 10-Q for the three months ended March 31, 2020, and in the joint proxy statement/prospectus included in the registration statement on Form S-4 filed with the SEC on April 20, 2020. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements included herein or that may be made elsewhere from time to time by, or on behalf of us. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we assume no obligation to update any forward-looking statement publicly, or to

revise any forward-looking statement to reflect events or developments occurring after the date of this Quarterly Report on Form 10-Q, even if new information becomes available in the future.

COMPANY OVERVIEW

On May 20, 2020, we completed a Merger (the Zyla Merger) with Zyla Life Sciences (Zyla) pursuant to the Agreement and Plan of Merger (Merger Agreement) dated March 16, 2020. Prior to the Zyla Merger, pursuant to the Merger Agreement, we completed a corporate reorganization whereby Assertio Holdings, Inc. (Assertio or the Company) became the parent company of wholly-owned Assertio Therapeutics, Inc. and is deemed successor issuer to Assertio Therapeutics, Inc. under applicable securities laws. Additionally, the Company assumed Assertio Therapeutics, Inc's listing on Nasdaq under the symbol "ASRT." Accordingly, Assertio Therapeutics, Inc. and Zyla are both wholly-owned subsidiaries of the Company. Unless otherwise noted or required by context, we use "Assertio" to refer to Assertio Reorganization and Assertio Holdings, Inc. following the Assertio Reorganization.

We are a commercial pharmaceutical company offering differentiated products to patients. Our commercial portfolio of branded products focuses on three areas: neurology; hospital; and pain and inflammation. We have built our commercial portfolio through a combination of increased opportunities with existing products, as well as through the acquisition or licensing of additional approved products. Our objective is to diversify beyond our current portfolio, which is composed of prescription nonsteroidal anti-inflammatory drugs.

Our primary marketed products are:

SPRIX® Nasal Spray (ketorolac)	A nonsteroidal anti-inflammatory drug (NSAID) indicated in adult patients for the short term (up to five days) management of moderate to moderately severe pain that requires analgesia at the opioid level.
CAMBIA® (diclofenac potassium for oral solution)	A prescription medicine used to treat migraine attacks in adults. It does not prevent or lesson the number of migraines one has, and it is not for other types of headaches. It contains diclofenac potassium, an NSAID.
INDOCIN® (indomethacin) Suppositories INDOCIN® (indomethacin) Oral Suspension	A suppository form and oral solution of indomethacin approved for: • Moderate to severe rheumatoid arthritis including acute flares of chronic disease • Moderate to severe ankylosing spondylitis • Moderate to severe osteoarthritis • Acute painful shoulder (bursitis and/or tendinitis) • Acute gouty arthritis
ZIPSOR® (diclofenac potassium) Liquid filled capsules)	A prescription NSAID used for relief of mild-to-moderate pain in adults (18 years of age and older)

Commercial Excellence

Our commercial success depends on the people, the process and the opportunity. We believe the following key elements enable us to be commercially successful:

- Leadership with a proven track record of successful results;
- A salesforce optimized with effective field-based representatives;
- Experience in key elements of commercialization (market access, patient services, distribution, brand, analytics, market research, salesforce optimization);
- Data-driven targeting to optimize efficiencies; and,
- Impactful brand promise for physicians and patients by reducing hassle for the physicians and improving patient accessibility through patient access programs.

We believe that our current products will enable us to take advantage of the trend toward non-opioid pain and inflammation products and that our commercial capabilities will enable us to seamlessly expand our product offerings.

Strategy

Our goal is to grow through:

- Commercial execution by leveraging our commercial excellence to grow our net product sales;
- Cost controls and efficiencies by capturing synergies to support our growth; and,

- Product acquisitions and business combinations.

Impact of COVID-19 on our Business

Following the outbreak of COVID-19, our priority was the health and safety of our employees and their families. As a result, we initiated remote working arrangements. Since we were permitted to re-open operation of our facilities in June 2020, we have invited our employees to return to work in our facilities. However, we maintain a flexible work arrangement for individuals as needed. In addition to the health and safety of our employees, we are focused on ensuring that we continue making our products accessible to the patients who need them. Because COVID-19 impacted our ability to see in-person providers who prescribe our products, we adapted our approach and increased our virtual visits, as well as executed a limited reduction-in-force of our sales force. Due to the limitations on elective surgeries, we have experienced a decline in prescriptions associated with those elective procedures. We believe that we are prepared with sufficient product inventory, technology to facilitate virtual office visits and operations prepared to adapt our work environment as needed. The extent to which our operations may continue to be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact.

Our Product Portfolio

SPRIX Nasal Spray

SPRIX (ketorolac tromethamine) Nasal Spray is an NSAID indicated in adult patients for the short-term (up to five days) management of moderate to moderately severe pain that requires analgesia at the opioid level. This non-narcotic provides patients with moderate to moderately severe short-term pain a form of ketorolac that is absorbed rapidly but does not require an injection administered by a healthcare provider (HCP). A range of specialists prescribe SPRIX for various uses. Urologists, podiatrists, orthopedic surgeons, neurologists, women's health providers and other specialists may use SPRIX Nasal Spray for post-surgery acute-pain management. Formulated as a Nasal Spray, SPRIX Nasal Spray is rapidly absorbed through the nasal mucosa, achieving peak blood levels as fast as an intramuscular injection of ketorolac. SPRIX Nasal Spray has been studied in patients with moderate to moderately severe pain. SPRIX Nasal Spray has demonstrated a 26% to 34% reduction in morphine use by patients over a 48-hour period in a post-operative setting as compared with placebo. Pursuant to the Zyla Merger, we acquired SPRIX Nasal Spray.

CAMBIA

CAMBIA *(Diclofenac Potassium for Oral Solution)* is a NSAID indicated for the acute treatment of migraine attacks with or without aura in adults 18 years of age or older. We acquired CAMBIA in December 2013 from Nautilus Neurosciences, Inc. (Nautilus).

INDOCIN Products

Pursuant to the Zyla Merger, we acquired two forms of INDOCIN (indomethacin), an oral solution and a suppository. Both products are approved for moderate to severe rheumatoid arthritis including acute flares of chronic disease, moderate to severe ankylosing spondylitis, moderate to severe osteoarthritis, acute painful shoulder (bursitis and/or tendinitis) and acute gouty arthritis. INDOCIN is used in the hospital as well as in the out-patient setting.

Zipsor Liquid Filled Capsules

Zipsor (Diclofenac Potassium) is an NSAID indicated for relief of mild to moderate acute pain in adults. Zipsor uses proprietary ProSorb® delivery technology to deliver a finely dispersed, rapidly absorbed formulation of diclofenac. We acquired Zipsor in June 2012 from Xanodyne Pharmaceuticals, Inc. (Xanodyne).

SoluMatrix® Technology NSAID Products

The SoluMatrix technology platform includes two products, ZORVOLEX and VIVLODEX, which were acquired pursuant to the Zyla Merger. The SoluMatrix technology was developed in response to the U.S. Food and Drug Administration (FDA) support of using the lowest NSAID dose possible. SoluMatrix uses a dry milling process to reduce the NSAID drug particle size by at least ten times. The smaller particle size results in increased surface area relative to mass, which increases the dissolution and absorption rates without changing the chemical structures of the drug molecules themselves. Because of this altered absorption profile, the SoluMatrix NSAID products dissolve and are absorbed at a rate that allows for the rapid onset of pain relief at lower doses and lower systemic exposures than other NSAIDs.

ZORVOLEX is a novel formulation of diclofenac developed using the SoluMatrix technology platform providing patients 23% lower overall systemic exposure versus other forms of diclofenac. This low-dose diclofenac is approved for mild to moderate acute pain and osteoarthritis pain.

VIVLODEX is a SoluMatrix formulation of meloxicam approved for osteoarthritis pain. VIVLODEX is dosed once daily and offers patients low dose and low systemic exposure.

OXAYDO, an abuse-discouraging IR oxycodone product.

OXAYDO is an approved IR oxycodone product designed using an aversion technology to discourage abuse via snorting. It is indicated for the management of acute and chronic pain severe enough to require an opioid analgesic and for which alternative treatments are inadequate. OXAYDO is covered by six U.S. patents that expire between 2023 and 2025. Patents covering OXAYDO in foreign jurisdictions expire in 2024. OXAYDO was acquired pursuant to the Zyla Merger, and we are currently pursuing a partnership arrangement for OXAYDO.

Segment Information

We manage our business within one reportable segment. Segment information is consistent with how management reviews the business, makes investing and resource allocation decisions and assesses operating performance. To date, substantially all of revenues from product sales are related to sales in the U.S.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that require significant judgment and/or estimates by management at the time that the financial statements are prepared such that materially different results might have been reported if other assumptions had been made. We consider certain accounting policies related to revenue recognition, accrued liabilities and use of estimates to be critical policies. These estimates form the basis for making judgments about the carrying value of assets and liabilities. We believe there have been no significant changes in our critical accounting policies and significant judgements and estimates since we filed our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 10, 2020 (the 2019 Form 10-K), other than as noted below. The description of our critical accounting policies is incorporated herein by reference to our 2019 Form 10-K.

Acquisitions

We account for acquired businesses using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at date of acquisition at their respective fair values. The fair value of the consideration paid, including contingent consideration, is assigned to the underlying net assets of the acquired business based on their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Significant judgments are used in determining the estimated fair values assigned to the assets acquired and liabilities assumed and in determining estimates of useful lives of long-lived assets. Fair value determinations and useful life estimates are based on, among other factors, estimates of expected future net cash flows, estimates of appropriate discount rates used to present value expected future net cash flows, the assessment of each asset’s life cycle, and the impact of competitive trends on each asset’s life cycle and other factors. These judgments can materially impact the estimates used to allocate acquisition date fair values to assets acquired and liabilities assumed and the resulting timing and amounts charged to, or recognized in current and future operating results. For these and other reasons, actual results may vary significantly from estimated results.

Any changes in the fair value of contingent consideration resulting from a change in the underlying inputs is recognized in operating expenses until the contingent consideration arrangement is settled. Changes in the fair value of contingent consideration resulting from the passage of time are recorded within interest expense until the contingent consideration is settled.

If the acquired net assets do not constitute a business under the acquisition method of accounting, the transaction is accounted for as an asset acquisition and no goodwill is recognized. In an asset acquisition, the amount allocated to acquired in-process research and development (IPR&D) with no alternative future use is charged to expense at the acquisition date.

Goodwill

Under the purchase method of accounting pursuant to ASC 805, *Business Combinations*, Goodwill is calculated as the excess of the purchase price over the fair value of the assets acquired and liabilities assumed. Goodwill, which is not tax-deductible, is recognized within other long-term assets, and is not amortized but subject to an annual review for impairment. Goodwill is tested for impairment at the reporting unit level at least annually or when a triggering event occurs that could indicate a potential impairment by assessing qualitative factors or performing a quantitative analysis in determining whether it is more likely than not that the fair value of net assets are below their carrying amounts. A reporting unit is the same as, or one level below, an operating segment. Our operations are currently comprised of a single reporting unit.

RESULTS OF OPERATIONS

Revenues

The following table reflects total revenues, net for the three and six months ended June 30, 2020 ad 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Product sales, net:				
CAMBIA	$ 7,780	$ 6,758	$ 14,054	$ 15,566
Zipsor	3,535	1,524	5,866	5,755
INDOCIN products[(1)]	5,434	—	5,434	—
SPRIX Nasal Spray[(1)]	1,602	—	1,602	—
SOLUMATRIX products[(1)]	836	—	836	—
OXAYDO[(1)]	517	—	517	—
Gralise	(116)	17,800	431	31,078
NUCYNTA and Lazanda product sales adjustments	577	(145)	677	(12)
Total product sales, net	20,165	25,937	29,417	52,387
Commercialization agreement, net	—	31,003	11,258	61,859
Royalties and milestone revenue	452	263	859	886
Total revenues	$ 20,617	$ 57,203	$ 41,534	$ 115,132

(1) Upon the Merger with Zyla in May 2020, we began recognizing product revenue, net for SPRIX Nasal Spray, SOLUMATRIX products, INDOCIN products and OXAYDO.

Product Sales

CAMBIA net product sales for the three months ended June 30, 2020 increased $1.0 million to $7.8 million primarily due to higher volume which was slightly offset by increased patient discount programs. CAMBIA net product sales for the six months ended June 30, 2020 decreased $1.5 million to $14.1 million primarily due to unfavorable payer mix and increased patient discount programs.

Zipsor net product sales for the three months ended June 30, 2020 increased $2.0 million to $3.5 million primarily due to prior year results negatively impacted by short-dated product sales returns which did not occur in the current period. Zipsor net product sales for the six months ended June 30, 2020 increased $0.1 million to $5.9 million, primarily due to the effects of prior year results negatively impacted by short-dated product sales returns offset by increased patient discount programs.

We ceased recording product sales and related costs for Gralise effective the closing of the transaction to divest our rights, title and interest in and to Gralise to Alvogen on January 10, 2020. Product sales for the three and six months ended June 30, 2020 reflect sales through January 10, 2020.

We ceased recording product sales and related costs for NUCYNTA after commencing the Commercialization Agreement with Collegium on January 8, 2018. Product sales for the three and six months ended June 30, 2020 and the same period in 2019 reflect adjustments made for previously recorded sales reserve estimates.

We ceased recording revenues and related costs associated with Lazanda after we divested the product to Slán in November 2017. Product sales for the three and six months ended June 30, 2020 and 2019 reflect adjustments made for previously recorded sales reserve estimates.

We ceased recording Commercialization agreement revenues after we divested our rights, title and interest to the NUCYNTA franchise of products to Collegium in February 2020.

Royalties & Milestones

In November 2010, we entered into a license agreement with Tribute Pharmaceuticals Canada Ltd. (now known as Nuvo Pharmaceuticals, Inc.) granting them the rights to commercially market CAMBIA in Canada. We receive royalties on net sales as well as certain one-time contingent milestone payments. During the three and six months ended June 30, 2020, the Company recognized $0.5 million and $0.9 million of revenue related to CAMBIA in Canada, respectively. During the three and six months ended June 30, 2019, the Company recognized $0.3 million and $0.9 million , respectively, of revenue related to CAMBIA in Canada.

Cost of Sales (excluding amortization of intangible assets)

Cost of sales consists of costs of the active pharmaceutical ingredient, contract manufacturing and packaging costs, royalties payable to third parties, inventory write downs, a product quality testing, internal employee costs related to the manufacturing process, distribution costs and shipping costs related to our product sales. Cost of sales excludes the amortization of intangible assets described separately below under “Intangible Assets.”

Cost of sales increased $3.1 million from $2.1 million to $5.2 million during the three months ended June 30, 2020 and increased $1.9 million from $4.7 million to $6.6 million for the six months ended June 30, 2020 as compared to the same period in 2019. The increase in both periods was primarily due to $2.4 million of Zyla Merger related inventory step-up expense recognized in the second quarter of 2020 offset by an overall lower cost of sales in the first and second quarter of 2020 as result of the Gralise and NUCYNTA divestitures in the first quarter of 2020.

Research and Development Expenses

Our research and development expenses include salaries, clinical trial costs, consultant fees, supplies, manufacturing costs for research and development programs and allocations of corporate costs. It is difficult to predict the scope and magnitude of future research and development expenses for our product candidates in research and development, as it is difficult to determine the nature, timing and extent of clinical trials and studies and the FDA’s requirements for a particular drug. As potential products proceed through the development process, each step is typically more extensive, and therefore more expensive, than the previous step. Therefore, success in development generally results in increasing expenditures until actual product approval.

Research and development expense increased $0.3 million from $1.3 million to $1.6 million during the three months ended June 30, 2020 primarily due to timing of clinical trials. Research and development expenses decreased $0.4 million from $3.1 million to $2.7 million during the six months ended June 30, 2020 as compared to the same period in 2019 primarily due to lower clinical and manufacturing research and development costs due to the divestiture of Gralise and NUCYNTA.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of personnel, contract personnel, marketing and promotion expenses associated with our commercial products, personnel expenses to support our administrative and operating activities, facility costs, and professional expenses, such as legal fees.

Selling, general, and administrative expenses increased $3.3 million from $24.7 million to $28.1 million in the three months ended June 30, 2020 and increased $5.6 million from $49.8 million to $55.4 million in the six months ended June 30, 2020 as compared to the same periods in 2019. The increase in both periods was primarily due to one-time transaction-related costs associated with the Zyla Merger, divestiture of NUCYNA, and divestiture of Gralise, partially offset by a decrease in overall expense as a result of the November 2019 cost-saving initiatives and divestiture of Gralise.

In connection with the Multidistrict Opioid Litigation, the State Opioid Litigation and the Opioid-Related Requests and Subpoenas described in “Note 12. Commitments and Contingencies - *Legal Matters*” of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, we expect to incur additional costs and expenses related to our ongoing opioid-related litigation and investigations, which may be significant and which may increase in future periods.

Intangible Assets

The following table reflects amortization of intangible assets for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Amortization of intangible assets - INDOCIN	$ 1,941	$ —	$ 1,941	$ —
Amortization of intangible assets - SPRIX	948		948	
Amortization of intangible assets - CAMBIA	1,284	1,284	2,568	2,568
Amortization of intangible assets - Zipsor	585	584	1,169	1,169
Amortization of intangible assets - Other	97	—	97	—
Amortization of intangible assets - NUCYNTA	—	23,575	5,927	47,150
Total	$ 4,855	$ 25,443	$ 12,650	$ 50,887

The amortization expense during the three and six months ended June 30, 2020 decreased as compared to the same period in 2019 due to the February 2020 divestiture of our rights, title and interest to the NUCYNTA franchise of products to Collegium. As a result, we derecognized the remaining carrying value of the NUCYNTA product rights and ceased recognizing related amortization.

In connection with the Zyla Merger, we acquired identified intangible assets comprised of definite-lived product rights for INDOCIN, SPRIX Nasal Spray, and other (include product rights for OXAYDO and SOLUMATRIX products) which are being amortized on a straight-line basis over their respective estimated useful lives of 5.9 years, 5.9 years and less than one year. The respective fair values were determined to be $107.5 million, $52.5 million, and $0.9 million, as of the Zyla Merger date of May 20, 2020.

Restructuring Charges

We continually evaluate our operations to identify opportunities to streamline operations and optimize operating efficiencies as an anticipation to changes in the business environment.

In November 2019, we announced an acceleration of cost-saving initiatives that included a decision to discontinue our relationship with our contract sales organization, a reduction in the use of certain outside vendors and consultants, and the reorganization of certain functions resulting in a reduction of staff at our headquarters office and remote positions during the fourth quarter of 2019. As a result, $3.9 million of severance and benefits costs for the reduction of staff were recognized during the year ended December 31, 2019. The 2019 cost-saving initiative was substantially complete as of December 31, 2019.

In April 2020, we executed a limited reduction to our sales force due to the impact of COVID-19 on our ability to see in-person providers who prescribe our products. As a result, $0.6 million of severance and benefits costs was recognized during the three months ended June 30, 2020. This initiative was completed during the second quarter of 2020.

Subsequent to the Zyla Merger in May 2020, we began implementing reorganization plans of our workforce and other restructuring activities to realize the synergies of the Zyla Merger and to re-align resources to strategic areas and drive growth. The reorganization plan primarily focused on reduction of staff at our headquarter’s offices. As a result, $4.8 million of severance and benefits costs and $1.0 million of stock-based compensation expense associated with equity modifications for certain executives was recognized as restructuring cost during the three months ended June 30, 2020.

Other Income (Expense)

The following table reflects other income and expense for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(Loss) Gain on sale of Gralise	$ (850)	$ —	$ 126,655	$ —
Loss on extinguishment of convertible notes	(16,272)	—	(47,880)	—
Gain (Loss) on sale of NUCYNTA	1,006	—	(14,749)	—
Interest expense	(1,604)	(14,842)	(10,278)	(31,396)
Loss on prepayment of Senior Notes	—	—	(8,233)	—
Change in fair value of Collegium warrants	(484)	(1,848)	(3,629)	(3,477)
Other	(15)	608	(195)	1,628
Total other (expense) income	$ (18,219)	$ (16,082)	$ 41,691	$ (33,245)

Other expense increased $2.1 million from $16.1 million to $18.2 million for the three months ended June 30, 2020 as compared to the same period in 2019 primarily due to the loss on the sale of Gralise as a result of the settlement of the continent consideration receivable with Alvogen, loss on debt extinguishment as a result of the tender offer of the 2021 Notes and 2024 Notes, and gain on the sale of NUCYNTA as a result of the net proceeds collected from Collegium, offset by lower interest expense as a result of the debt settlements in the first quarter of 2020.

Other income (expense) increased $74.9 million from other expense of $33.2 million to other income of $41.7 million for the six months ended June 30, 2020 as compared to the same period in 2019 primarily due to the gain on the sale of Gralise offset by the loss on debt extinguishment as a result of the repurchase and tender offer of the 2021 Notes and 2024 Notes and settlement of the Senior Notes, and the loss on the sale of NUCYNTA, offset by lower interest expense as a result of the debt settlements in the first quarter of 2020.

The following table reflects interest expense for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest payable on Senior Notes	$ —	$ 6,602	$ 1,648	$ 14,808
Interest payable on Convertible Notes	69	2,156	1,723	4,312
Amortization of debt discounts and issuance costs relating to Senior Notes and Convertible Notes	124	6,056	5,511	12,220
Interest payable Series A-1 Notes	1,406	—	1,406	
Changes in fair value of contingent consideration	—	29	—	57
Other	5	(1)	(10)	(1)
Total interest expense	$ 1,604	$ 14,842	$ 10,278	$ 31,396

For the three months ended June 30, 2020, total interest expense decreased $13.2 million primarily due to lower interest expense as a result of the settlement of the remaining principal of our Senior Notes and the repurchase of a portion of our 2021 and 2024 Notes in the first quarter of 2020 and the tender offer settlement of materially all of the remaining 2021 and 2024 Notes in April 2020. For the six months ended June 30, 2020, total interest expense decreased $21.1 million primarily due to lower interest expense as a result of the settlement of the remaining principal of our Senior Notes and the repurchase of a portion of our 2021 and 2014 Notes in the first quarter of 2020.

Income Tax Provision

In the three and six months ended June 30, 2020, we recorded income tax benefits of approximately $9.5 million and $7.4 million, respectively, that represents an effective tax rate of 1071.3% and 21.5%, respectively, on income from continuing operations. The difference between income tax benefits of $9.5 million and $7.4 million, respectively, and the tax at the statutory rate of 21.0% on current year operations is principally due to the valuation allowance recorded against the beginning of year deferred tax asset related the NOL carryback to the 2018 and 2019 tax years now permitted by the CARES Act.

In the three and six months ended June 30, 2019, we recorded an expense from income taxes of approximately $1.1 million and $1.4 million, respectively, that represents an effective tax rate of (9.2)% and (5.2)%, respectively. The difference for the three and six months ended June 30, 2019 between the income tax provision of $1.1 million and $1.4 million,

respectively, and the tax at the statutory rate of 21.0% on current year operations is principally due to the change in valuation allowance.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased $17.3 million from $42.1 million to $59.4 million during the six months ended June 30, 2020 primarily attributable to cash consideration of $369.0 million and $130.3 million received from the sales of NUCYNTA and Gralise, respectively, partially offset by the settlement of the $162.5 million remaining outstanding principal of our Senior Notes and repurchase of $188.0 million aggregate principal amount of the outstanding 2021 Notes and 2024 Notes.

Historically and through December 31, 2019, we have financed our product development efforts and operations primarily from product sales, private and public sales of equity securities, including convertible debt securities, the proceeds of secured borrowings, the sale of rights to future royalties and milestones to PDL, upfront license, milestone and termination fees from collaborative and license partners.

In April 2015, we issued $575.0 million aggregate principal amount of senior secured notes (Senior Notes) for aggregate gross proceeds of approximately $562.0 million. In connection with the divestiture of Gralise and NUCYNTA we used proceeds to repay the outstanding principal of $162.5 million as of December 31, 2019 and as a result the Company had repaid in full all outstanding indebtedness, and terminated all commitments and obligations, under its Note Purchase Agreement as of March 31, 2020. In connection with the termination of the Note Purchase Agreement, the Company was released from all security interests, liens and encumbrances under the Note Purchase Agreement. We were in compliance with our covenants with respect to the Senior Notes through the period of the effective payoff on February 13, 2020.

In September 2014, we issued $345.0 million aggregate principal amount of convertible notes due 2021 (the 2021 Notes) resulting in net proceeds to us of $334.2 million. In August 2019, we exchanged $200.0 million aggregate principal amount of the 2021 Notes for a combination of (a) its new $120.0 million aggregate principal amount of 5.00% Convertible Senior Notes due August 15, 2024 (the 2024 Notes), (b) an aggregate cash payment of $30.0 million, and (c) an aggregate of 15.8 million shares of our common stock. We did not receive any cash proceeds from the issuance of the 2024 Notes or the issuance of the shares of our common stock. On February 19, 2020, the Company utilized proceeds from the sale of Gralise and NUCYNTA to repurchase approximately $188.0 million aggregate principal amount of 2021 Notes and 2024 Notes. On March 11, 2020, the Company initiated a tender offer to repurchase any and all of the Company’s remaining $77.0 million of combined outstanding 2021 Notes and 2024 Notes. On April 8, 2020, upon close of the tender offer, the Company repurchased substantially all of the remaining outstanding $77.0 million aggregate principal amount of 2021 Notes and 2024 Notes, with only $0.3 million of 2021 Notes remaining.

We may incur operating losses in future years. We believe that our existing cash will be sufficient to fund our operations for the next twelve months from the date of this filing. We base this expectation on our current operating plan, which may change as a result of many factors.

Our cash needs may vary materially from our current expectations because of numerous factors, including:

- acquisitions or licenses of complementary businesses, products, technologies or companies;
- sales of our marketed products;
- expenditures related to our commercialization of our products;
- milestone and royalty revenue we receive under our collaborative development arrangements;
- interest and principal payments on our current and future indebtedness;
- financial terms of definitive license agreements or other commercial agreements we may enter into
- changes in the focus and direction of our business strategy and/or research and development programs;
- potential litigation mattes; and,
- effects of the COVID-19 pandemic on our operations.

The inability to raise any additional capital that may be required to fund our future operations or product acquisitions and strategic transactions which we may pursue could have a material adverse effect on our company.

The following table reflects summarized cash flow activities for the six months ended June 30, 2020 and 2019 (in thousands):

	Six Months Ended June 30,	
	2020	2019
Net cash (used in) provided by operating activities	$ (45,159)	$ 48,709
Net cash provided by (used in) investing activities	512,802	(7,735)
Net cash used in financing activities	(450,347)	(83,575)
Net increase (decrease) in cash and cash equivalents	$ 17,296	$ (42,601)

Cash Flows from Operating Activities

The decrease in operating cash flows during the six months ended June 30, 2020 compared to the same period in 2019 is primarily due to the cash used in operations after impact of adjustments to reconcile net income (loss) and changes in the working capital.

Cash Flows from Investing Activities

Net cash provided by (used in) investing activities increased during the six months ended June 30, 2020 compared to the same period in 2019 primarily due to the $369.0 million and $130.3 million in cash consideration received for the sales of NUCYNTA and Gralise, respectively. Net cash provided by investing activities during the six months ended June 30, 2020 also included $7.6 million of cash acquired from the Zyla Merger and $6.0 million of proceeds from the sale of investments.

Cash Flows from Financing Activities

Net cash used in financing activities decreased during the six months ended June 30, 2020 compared to the same period in 2019 primarily due to the settlement of the $162.5 million remaining outstanding principal of our Senior Notes and repurchase of $188.0 million aggregate principal amount of the outstanding 2021 Notes and 2024 Notes. In addition, financing activities included payments on our revolver and promissory note which totaled $13.0 million.

Off-Balance Sheet Arrangement

There were no off-balance sheet arrangements during the quarter ended June 30, 2020.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective.

We review and evaluate the design and effectiveness of our disclosure controls and procedures on an ongoing basis to improve our controls and procedures over time and to correct any deficiencies that we may discover in the future. Our goal is to ensure that our senior management has timely access to all material financial and non-financial information concerning our business. While we believe the present design of our disclosure controls and procedures is effective to achieve our goal, future events affecting our business may cause us to significantly modify our disclosure controls and procedures

Changes in Internal Controls over Financial Reporting

There were no significant changes in our internal controls over financial reporting during the six months ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDING

For a description of our material pending legal proceedings, see “Note 12. Commitments and Contingencies - Legal Matters” of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

We are subject to various risks and uncertainties that could have a material impact on our business, results of operations and financial condition, including those described in and hereby incorporated by reference from: (i) Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019; (ii) “Chapter I — The Merger” — “Risk Factors” in the joint proxy statement/prospectus included in the registration statement on Form S-4 filed with the SEC on April 20, 2020; and (iii) Part II, Item 1A, “Risk Factors” in our Quarterly Report on Form 10-Q for the three months ended March 31, 2020. Except as set forth below, there have been no material changes to our risk factors since our Quarterly Report on Form 10-Q for the three months ended March 31, 2020. In addition to other information in this report, the risk factors referenced above and set forth below should be considered carefully in evaluating an investment in our securities. If any of these risks or uncertainties actually occurs, our business, results of operations or financial condition would be materially and adversely affected. The risks and uncertainties referenced above and set forth below are not the only ones facing us. Additional risks and uncertainties of which we are unaware or that we currently deem immaterial may also become important factors that may harm our business, results of operations and financial condition.

We do not know how long, and to what extent, the COVID-19 pandemic will continue to strain our business operations and financial condition.

Following the outbreak of COVID-19, our priority was the health and safety of our employees and their families. As a result, we initiated remote working arrangements. Since we were permitted to re-open operation of our facilities in June 2020, we have invited our employees to return to work in our facilities. However, we maintain a flexible work arrangement for individuals as needed. In addition to the health and safety of our employees, we are focused on ensuring that we continue making our products accessible to the patients who need them. Because COVID-19 impacted our ability to see in-person providers who prescribe our products, we adapted our approach and increased our virtual visits, as well as executed a limited reduction-in-force of our sales force.

Due to the limitations on elective surgeries, we have experienced a decline in prescriptions associated with those elective procedures. We believe that we are prepared with sufficient product inventory, technology to facilitate virtual office visits and operations prepared to adapt our work environment as needed. The extent to which our operations may continue to be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact.

If generic manufacturers use litigation and regulatory means to obtain approval for generic versions of our products, our business will be materially and adversely affected.

Under the Federal Food, Drug, and Cosmetic Act (FDCA), the FDA can approve an ANDA for a generic version of a branded drug without the ANDA applicant undertaking the clinical testing necessary to obtain approval to market a new drug. In place of such clinical studies, an ANDA applicant usually needs only to submit data demonstrating that its product has the same active ingredient(s) and is bioequivalent to the branded product, in addition to any data necessary to establish that any difference in strength, dosage, form, inactive ingredients or delivery mechanism does not result in different safety or efficacy profiles, as compared to the reference drug.

The FDCA requires an applicant for a drug that relies, at least in part, on the patent of one of our branded drugs to notify us of its application and potential infringement of our patent rights. Upon receipt of this notice, we would have 45 days to bring a patent infringement suit in federal district court against the company seeking approval of a product covered by one of our patents. The discovery, trial and appeals process in such suits can take several years. The filing of a patent infringement lawsuit triggers a one-time automatic 30-month stay of the FDA’s ability to approve the competitor’s application. Such litigation is often time-consuming and quite costly and may result in generic competition if the patents at issue are not upheld or if the generic competitor is found not to infringe such patents. If the litigation is resolved in favor of the applicant or the

challenged patent expires during the 30-month stay period, the stay is lifted and the FDA may thereafter approve the application based on the standards for approval of ANDAs.

Any introduction of one or more generics to any of our products, whether as a result of an ANDA or otherwise, would harm our business, financial condition and results of operations. The filing of the ANDAs described above, or any other ANDA or similar application in respect to any of our products, could have an adverse impact on our stock price. Moreover, if the patents covering our products are not upheld in litigation or if a generic competitor is found not to infringe these patents, the resulting generic competition would have a material adverse effect on our business, financial condition and results of operations.

Certain parties who have entered into settlement agreements with us will be able to market generic versions of Zipsor and CAMBIA beginning in 2022 and 2023, respectively. In July 2020, an ANDA filer provided a Paragraph IV certification to the FDA for a generic version of CAMBIA. We are preparing our response to the notice of that Paragraph IV certification.

Prior to Zyla's purchase of products from Iroko, Iroko settled patent infringement litigation with Lupin, which settlement will allow Lupin to launch a generic form of ZORVOLEX prior to the expiration of the patents covering ZORVOLEX, no later than the second half 2023. In addition, iCeutica and Iroko sued Lupin and Novitium, each over its ANDA for a generic version of VIVLODEX. The settlements in those cases involved granting certain generic entry rights to the other parties.

We have significant amounts of goodwill and long-lived assets which depend upon future positive cash flows to support the values recorded in our balance sheet. We are subject to increased risk of future impairment charges should actual financial results differ materially from our projections.

Our Condensed Consolidated Balance Sheet contains significant amounts of goodwill and long-lived assets, which include intangible assets representing acquired product rights which and property and equipment. We review the carrying value of our goodwill and long-lived assets when indicators of impairment are present. Conditions that could indicate impairment include, but are not limited to, a significant adverse change in market conditions, significant competing product launches by our competitors, significant adverse change in the manner in which the long-lived asset is being used and adverse legal or regulatory outcomes. In performing our impairment tests, which assess the recoverability of our assets, we utilize our future projections of cash flows. Projections of future cash flows are inherently subjective and reflect assumptions that may or may not ultimately be realized. Significant assumptions utilized in our projections include, but are not limited to, our evaluation of the market opportunity for our products, the current and future competitive landscape and resulting impacts to product pricing, future regulatory actions, planned strategic initiatives and the realization of benefits associated with our existing patents. Given the inherent subjectivity and uncertainty in projections, we could experience significant unfavorable variances in future periods or revise our projections downward. This would result in an increased risk that our goodwill and long-lived assets may be impaired. For example, during the year ended December 31, 2019, we recognized an impairment loss of approximately $189.8 million related to the NUCYNTA intangible, which represented the excess of the carrying amount over the fair value as of December 31, 2019. We determined that the fair value was $375.0 million as of December 31, 2019, which was lower than the carrying value of $564.8 million. Any future impairments could have a material adverse effect on our financial condition and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company did not sell any equity securities during the period covered by this Quarterly Report that were not registered under the Securities Act, except as previously disclosed in our Current Reports on Form 8-K.

ITEM 6. EXHIBITS

2.1	Agreement and Plan of Merger, dated as of May 19, 2020, by and among Assertio Therapeutics, Inc., the Company, and Alligator Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K12B filed on May 19, 2020)
2.2^	Asset Purchase Agreement, dated as of January 8, 2015, by and between Egalet US, Inc. and Luitpold Pharmaceuticals, Inc. (incorporated by reference to Exhibit 2.1 to Zyla Life Sciences' annual report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2015)
2.3	Asset Purchase Agreement, dated October 30, 2018, by and among Egalet Corporation, Egalet US Inc. and Iroko Pharmaceuticals Inc. (incorporated by reference to Exhibit 2.1 to Zyla Life Sciences' Current Report on Form 8-K filed October 31, 2018)
2.4	Amendment No. 3 to Asset Purchase Agreement, dated as of May 31, 2019 (incorporated by reference to Exhibit 2.1 to Zyla Life Sciences' Current Report on Form 8-K filed on June 6, 2019)
3.1	Certificate of Merger of Alligator Merger Sub, Inc. with and into Assertio Therapeutics, Inc., dated May 19, 2020 (incorporated by reference to Exhibit 2.2 to Assertio Therapeutics, Inc.'s Current Report on Form 8-K filed on May 22, 2020)
3.2	Certificate of Merger of Zebra Merger Sub, Inc. with and into Zyla Life Sciences, dated May 20, 2020
3.3	Amended and Restated Certificate of Incorporation of the Company, dated May 19, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K12B filed on May 19, 2020)
3.4	Amended and Restated Bylaws of the Company, dated May 19, 2020 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K12B filed on May 19, 2020)
4.1	Indenture by and among the Company (replacing Zyla Life Sciences) and Wilmington Savings Fund Society (replacing U.S. Bank National Association), dated as of January 31, 2019 (incorporated by reference to Exhibit 4.1 to Zyla Life Science's Current Report on Form 8-K filed on February 1, 2019)
4.2	Supplemental Indenture by and among the Company and Wilmington Savings Fund Society, dated as of May 20, 2020 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 27, 2020)
4.3	Registration Rights Agreement between the Company and Loan Security Holdings I LLC, dated May 20, 2020
4.4	Form of Warrant
10.1	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K12B filed on May 19, 2020)

10.2	Amended and Restated 2014 Omnibus Incentive Plan, as amended (incorporated by reference to Annex G to Amendment No. 1 to the Company's Registration Statement on Form S-4 filed on April 17, 2020)
10.3	Amended and Restated 2004 Employee Stock Purchase Plan, as amended (incorporated by reference to Annex H to Amendment No. 1 to the Company's Registration Statement on Form S-4 filed on April 17, 2020)
10.4	Zyla Life Sciences Amended and Restated 2019 Stock-Based Incentive Compensation Plan, as amended (incorporated by reference to Exhibit 10.27 to Zyla Life Science's Annual Report on Form 10-K filed on March 26, 2020)
10.5	Form of Non-Qualified Stock Option Agreement of Zyla Life Sciences (incorporated by reference to Exhibit 10.18 to Zyla Life Sciences' Quarterly Report on Form 10-Q filed on May 17, 2019)
10.6	Employment Agreement between Zyla Life Sciences and Todd N. Smith, dated June 17, 2020
10.7	Offer Letter, dated June 23, 2020, between Zyla Life Sciences and Mark Strobeck, Ph.D.
10.8	Offer Letter, dated June 23, 2020, between Zyla Life Sciences and Megan C. Timmins
10.9	Form of Management Continuity Agreement, dated June 23, 2020, between Zyla Life Sciences and Zyla Life Sciences executive officers
10.10†	Transition and Consulting Agreement, dated June 24, 2020, between Assertio Therapeutics, Inc. and Stanley Bukofzer
10.11†	Collaboration and License Agreement, dated as of January 7, 2015, by and among Egalet Corporation, Egalet US, Inc., Egalet Ltd. and Acura Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.4 to Zyla Life Sciences' Annual Report on Form 10-K filed on March 16, 2015)
10.12†	License Agreement effective as of November 23, 2000 between Recordati Sa Chemical & Pharmaceutical Company and Roxro Pharma LLC (incorporated by reference to Exhibit 10.13 to Zyla Life Sciences' Annual Report on Form 10-K filed on March 16, 2018)
10.13†	First Amendment dated March 21, 2001 to License Agreement effective as of November 23, 2000 between Recordati Sa Chemical & Pharmaceutical Company and Roxro Pharma LLC (incorporated by reference to Exhibit 10.14 to Zyla Life Sciences' Annual Report on Form 10-K filed on March 16, 2018)
10.14†	Second Amendment dated December 10, 2015 to License Agreement effective as of November 23, 2000 between Recordati Sa Chemical & Pharmaceutical Company and Roxro Pharma LLC (incorporated by reference to Exhibit 10.15 to Zyla Life Sciences' Annual Report on Form 10-K filed on March 16, 2018)

10.15†	Collaborative License, Exclusive Manufacture and Global Supply Agreement between Cosette Pharmaceuticals, Inc. (formerly, G&W Laboratories, Inc.) and Iroko Pharmaceuticals, LLC, as amended by Amendment 1 and Amendment 2 thereto (Zyla Life Sciences succeeded Iroko as a party to this agreement) (incorporated by reference to Exhibit 10.10 to Zyla Life Sciences' Quarterly Report on Form 10-Q filed on May 17, 2019)
10.16†	Manufacturing and Supply Agreement by and between Zyla Life Sciences US Inc. and Jubilant HollisterStier LLC July 30, 2019 (incorporated by reference to Exhibit 10.5 to Zyla Life Sciences' Quarterly Report on Form 10-Q filed on November 14, 2019)
10.17	Form of Royalty Rights Agreement (incorporated by reference to Exhibit 10.1 to Zyla Life Sciences' Current Report on Form 8-K filed on February 1, 2019)
10.18	Collateral Agreement, dated as of January 31, 2019, among the Company, the Subsidiary Parties from time to time party thereto and U.S. Bank National Association as trustee and collateral agent (incorporated by reference to Exhibit 10.2 to Zyla Life Sciences' Current Report on Form 8-K filed on February 1, 2019)
10.19	Retention Bonus Agreement, dated August 26, 2019 between Zyla Life Sciences and Mark Strobeck (incorporated by reference to Exhibit 10.1 to Zyla Life Sciences' Current Report on Form 8-K filed on August 30, 2019)
10.20	Lease Agreement, dated as of November 30, 2015 by and between Chesterbrook Partners, LP and Egalet US Inc. (incorporated by reference to Exhibit 10.24 to Zyla Life Sciences' Annual Report on Form 10-K filed on March 11, 2016)
14.1	Code of Conduct (incorporated by reference to Exhibit 14.1 to the Company's Current Report on Form 8-K filed on May 27, 2020)
31.1	Certification pursuant to Rule 13a-14(a) and 15d-14(a) under the Exchange Act
31.2	Certification pursuant to Rule 13a-14(a) and 15d-14(a) under the Exchange Act
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(†) Confidential treatment granted (or certain portions omitted pursuant to the SEC's rules regarding the redaction of confidential information)

(*) Furnished herewith

(^) All exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish the omitted exhibits and schedules to the SEC upon request by the SEC.

SIGNATURES

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

Date: August 10, 2020

ASSERTIO HOLDINGS, INC.

/s/ Todd N. Smith

Todd N. Smith

President and Chief Executive Officer

/s/ Daniel A. Peisert

Daniel A. Peisert

Executive Vice President and Chief Financial Officer

CERTIFICATE OF MERGER OF

ZEBRA MERGER SUB, INC.

(a Delaware corporation) WITH AND INTO

ZYLA LIFE SCIENCES
(a Delaware corporation)

Pursuant to Section 251 of the Delaware General Corporation Law (the "DGCL").

The undersigned corporation does hereby certify that:

FIRST: The constituent corporations (the "Constituent Corporations") participating in the merger of Merger Sub with and into Zyla herein certified (the "Merger") are:

(i) Zebra Merger Sub, Inc., which is incorporated under the laws of the State of Delaware ("Merger Sub"); and

(ii) Zyla Life Sciences, which is incorporated under the laws of the State of Delaware ("Zyla").

SECOND: An Agreement and Plan of Merger dated March 16, 2020, by and among Assertio Holdings, Inc. (formerly Alligator Zebra Holdings, Inc.), a Delaware corporation, Assertio Therapeutics, Inc., a Delaware corporation, Zebra Merger Sub, Inc., a Delaware corporation, Alligator Merger Sub, Inc., a Delaware corporation, and Zyla Life Sciences, a Delaware corporation (the "Agreement and Plan of Merger"), has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the provisions of subsection (c) of Section 251 and Section 228 of the DGCL.

THIRD: This Certificate of Merger, and the Merger shall become effective at the time this Certificate of Merger is filed with and accepted by the Secretary of State of the State of Delaware.

FOURTH: The name of the surviving corporation in the Merger is Zyla Life Sciences (the "Surviving Corporation").

FIFTH: The Certificate of Incorporation of the Surviving Corporation shall be amended and restated in its entirety to read as set forth on Exhibit A attached hereto and made a part hereof and, as so amended, shall be the Certificate of Incorporation of the Surviving Corporation until thereafter amended in accordance with the terms of the DGCL.

SIXTH: The executed Agreement and Plan of Merger is on file at an office of the Surviving Corporation, the address of which is as follows:

Zyla Life Sciences
100 South Sanders Rd., Suite 300, Lake Forest, IL 60045

SEVENTH: A copy of the Merger Agreement will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of either of the Constituent Corporations.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned corporation has caused this Certificate of Merger to be duly executed by its authorized officer.

Dated: May 20, 2020

ZYLA LIFE SCIENCES

By: /s/ Todd N. Smith
Name: Todd N. Smith
Title: President and Chief Executive Officer

[Signature Page to Certificate of Merger]

Exhibit A

Certificate of Incorporation

See attached.

FIFTH AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

ZYLA LIFE SCIENCES, INC.
(a Delaware corporation)

ARTICLE I NAME

The name of the corporation is Zyla Life Sciences, Inc. (the "Corporation").

ARTICLE II AGENT

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV STOCK

The Corporation shall be authorized to issue one class of stock to be designated Common Stock; the total number of shares of Common Stock which the Corporation shall have authority to issue is 10,000, and each such share shall have a par value of $0.0001.

ARTICLE V DIRECTORS

Section 5.1 Number. Except as otherwise provided for or fixed pursuant to the provisions of this Certificate of Incorporation (including any Preferred Stock Designation), the number of directors of the Corporation shall be fixed by or in the manner provided in the Bylaws.

Section 5.2 Election. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VI EXISTENCE

The Corporation shall have perpetual existence.

ARTICLE VII AMENDMENT

Section 7.1 Amendment of Certificate of Incorporation. The Corporation reserves the right at any time, and from time to time, to amend, alter, change or repeal any provision contained in this Certificate of Incorporation (including any Preferred Stock Designation), and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by the laws of the State of Delaware, and all powers, preferences and rights of any nature conferred upon stockholders, directors or any other persons by and pursuant to this Certificate of Incorporation (including any Preferred Stock Designation) in its present form or as hereafter amended are granted subject to this reservation.

Section 7.2 Amendment of Bylaws. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation (subject to the provisions of any Preferred Stock Designation).

ARTICLE VIII LIABILITY OF DIRECTORS

Section 8.1 No Personal Liability. To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

Section 8.2 Amendment or Repeal. Any amendment, alteration or repeal of this Article VIII that adversely affects any right of a director shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, alteration or repeal.

[The remainder of this page has been intentionally left blank.]

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made as of May 20, 2020, by and between Assertio Holdings, Inc., a Delaware corporation (the "Company"), and the persons listed on the attached Schedule A who are signatories to this Agreement (collectively, the "Investors"). Unless otherwise defined herein, capitalized terms used in this Agreement have the respective meanings ascribed to them in Section 1.

RECITALS

WHEREAS, the Company and the Investors wish to provide for certain arrangements with respect to the registration of the Registrable Securities (as defined below) by the Company under the Securities Act (as defined below).

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Section 1.
Definitions

1.1. Certain Definitions. In addition to the terms defined elsewhere in this Agreement, as used in this Agreement, the following terms have the respective meanings set forth below:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

(c) "Common Stock" shall mean the common stock of the Company, par value $0.0001 per share.

(d) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(e) "Other Securities" shall mean securities of the Company, other than Registrable Securities (as defined below).

(f) "Person" shall mean any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

(g) "Registrable Securities" shall mean the shares of Common Stock and any Common Stock issued or issuable upon the exercise or conversion of any other securities

(whether equity, debt or otherwise) of the Company now owned or hereafter acquired by any of the Investors or their permitted transferees.

(h) The terms "register," "registered" and "registration" shall refer to a registration effected by preparing and filing a Registration Statement in compliance with the Securities Act, and such Registration Statement becoming effective under the Securities Act.

(i) "Registration Expenses" shall mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement, including, without limitation, all registration, qualification, and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements (not to exceed $25,000 of one counsel for the selling investors ("Selling Investor Counsel"), blue sky fees and expenses, and expenses of any regular or special audits incident to or required by any such registration, but shall not include Selling Expenses.

(j) "Registration Statement" means any registration statement of the Company filed with, or to be filed with, the Commission under the Securities Act, including the related prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement as may be necessary to comply with applicable securities laws other than a registration statement (and related prospectus) filed on Form S-4 or Form S-8 or any successor forms thereto.

(k) "Rule 144" shall mean Rule 144 as promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(l) "Securities Act" shall mean the Securities Act of 1933, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(m) "Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities, the fees and expenses of any legal counsel and any other advisors any of the Investors engage (other than the fees and disbursements of Selling Investor Counsel borne and paid by the Company) and all similar fees and commissions relating to the Investors' disposition of the Registrable Securities.

Section 2.
Resale Registration Rights

2.1. Resale Registration Rights.

(a) Following demand by any Investor, then the Company shall file with the Commission a Registration Statement on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such

registration shall be on another appropriate form in accordance with the Securities Act) covering the resale of the Registrable Securities by the Investors (the "Resale Registration Shelf"), and the Company shall file such Resale Registration Shelf as promptly as reasonably practicable following such demand, and in any event within sixty (60) days of such demand. Such Resale Registration Shelf shall include a "final" prospectus, including the information required by Item 507 of Regulation S-K of the Securities Act, as provided by the Investors in accordance with Section 2.8. Notwithstanding the foregoing, before filing the Resale Registration Shelf, the Company shall furnish to the Investors a copy of the Resale Registration Shelf and afford the Investors an opportunity to review and comment on the Resale Registration Shelf. The Company's obligation pursuant to this Section 2.1(a) is conditioned upon the Investors providing the information contemplated in Section 2.8.

(b) The Company shall use its reasonable best efforts to cause the Resale Registration Shelf and related prospectuses to become effective as promptly as practicable after filing. The Company shall use its reasonable best efforts to cause such Registration Statement to remain effective under the Securities Act until the earlier of the date (i) all Registrable Securities covered by the Resale Registration Shelf have been sold or may be sold freely without limitations or restrictions as to volume or manner of sale pursuant to Rule 144 or (ii) all Registrable Securities covered by the Resale Registration Shelf otherwise cease to be Registrable Securities pursuant to Section 2.10 hereof. The Company shall promptly, and within two (2) business days after the Company confirms effectiveness of the Resale Registration Shelf with the Commission, notify the Investors of the effectiveness of the Resale Registration Shelf.

(c) Notwithstanding anything contained herein to the contrary, the Company shall not be obligated to effect, or to take any action to effect, a registration pursuant to Section 2.1(a) for the requesting Investor or Investors:

(i) if the Company has and maintains an effective Registration Statement on Form S- 3ASR that provides for the resale of securities by selling stockholders (a "Company Registration Shelf") that could cover through the filing of a Prospectus the resale of the Registrable Securities subject to the demand by the requesting Investor or Investors;

(ii) during the period thirty (30) days prior to the Company's good faith estimate of the date of filing of a Company Registration Shelf and ending on a date that is ninety (90) days after the effective date of a Company initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or

(iii) if the Company has caused a Registration Statement to become effective pursuant to this Section 2.1 during the prior twelve (12) month period immediately preceding such request.

(d) If the Company has a Company Registration Shelf in place at any time in which the Investors make a demand pursuant to Section 2.1(a), the Company shall file with the Commission, as promptly as practicable, and in any event within fifteen (15)

business days after such demand, a “final” prospectus supplement to its Company Registration Shelf covering the resale of the Registrable Securities by the Investors (the “Prospectus”); provided, however, that the Company shall not be obligated to file more than one Prospectus pursuant to this Section 2.1(d) in any six month period to add additional Registrable Securities to the Company Registration Shelf that were acquired by the Investors other than directly from the Company or in an underwritten public offering by the Company. The Prospectus shall include the information required under Item 507 of Regulation S-K of the Securities Act, which information shall be provided by the Investors in accordance with Section 2.8. Notwithstanding the foregoing, before filing the Prospectus, the Company shall furnish to the Investors a copy of the Prospectus and afford the Investors an opportunity to review and comment on the Prospectus.

The Company’s obligation pursuant to this Section 2.1(d) is conditioned upon the Investors providing the information contemplated in Section 2.8.

(e) Deferral and Suspension. At any time after being obligated to file a Resale Registration Shelf or Prospectus, or after any Resale Registration Shelf has become effective or a Prospectus has been filed with the Commission, the Company may defer the filing of or suspend the use of any such Resale Registration Shelf or Prospectus, upon giving written notice of such action to the Investors with a certificate signed by the Principal Executive Officer or Principal Financial Officer of the Company stating that in the good faith judgment of the Board, the filing or use of any such Resale Registration Shelf or Prospectus covering the Registrable Securities would be detrimental to the Company or its stockholders at such time and that the Board concludes, as a result, that it is in the best interests of the Company and its stockholders to defer the filing or suspend the use of such Resale Registration Shelf or Prospectus at such time. The Company shall have the right to defer the filing of, or suspend the use of, such Resale Registration Shelf or Prospectus for a period of not more than sixty (60) days from the date the Company notifies the Investors of such deferral or suspension; provided that the Company shall not exercise the right contained in this Section 2.1(e) more than once in any eighteen month period. In the case of the suspension of use of any effective Resale Registration Shelf or Prospectus, the Investors, immediately upon receipt of notice thereof from the Company, shall discontinue any offers or sales of Registrable Securities pursuant to such Resale Registration Shelf or Prospectus until advised in writing by the Company that the use of such Resale Registration Shelf or Prospectus may be resumed. In the case of a deferred Prospectus or Resale Registration Shelf filing, the Company shall provide prompt written notice to the Investors of (i) the Company’s decision to file or seek effectiveness of the Prospectus or Resale Registration Shelf, as the case may be, following such deferral and (ii) in the case of a Resale Registration Shelf, the effectiveness of such Resale Registration Shelf. In the case of either a suspension of use of, or deferred filing of, any Resale Registration Shelf or Prospectus, the Company shall not, during the pendency of such suspension or deferral, be required to take any action hereunder (including any action pursuant to Section 2.3 hereof) with respect to the registration or sale of any Registrable Securities pursuant to any such Resale Registration Shelf, Company Registration Shelf or Prospectus.

(f) Other Securities. Subject to Section 2.3(e) below, any Resale Registration Shelf or Prospectus may include Other Securities, and may include securities of the Company being sold for the account of the Company; provided such Other Securities are excluded first from such Registration Statement in order to comply with any applicable laws or request from any government entity, Nasdaq or any applicable listing agency. For the avoidance of doubt, no Other Securities may be included in an underwritten offering pursuant to Section 2.3 without the consent of the Investors.

2.2. [Reserved]

2.3. Sales and Underwritten Offerings of the Registrable Securities.

(a) Notwithstanding any provision contained herein to the contrary, the Investors, collectively, shall and subject to the limitations set forth in this Section 2.3, be permitted one underwritten public offering per calendar year, but no more than three underwritten public offerings in total, to effect the sale or distribution of Registrable Securities.

(b) If the Investors intend to effect an underwritten public offering pursuant to a Resale Registration Shelf or Company Registration Shelf to sell or otherwise distribute Registrable Securities, they shall so advise the Company and provide as much notice to the Company as reasonably practicable (and in any event not less than fifteen (15) business days prior to the Investors' request that the Company file a prospectus supplement to a Resale Registration Shelf or Company Registration Shelf).

(c) In connection with any offering initiated by the Investors pursuant to this Section 2.3 involving an underwriting of shares of Registrable Securities, the Investors shall be entitled to select the underwriter or underwriters for such offering, who shall be reasonably acceptable to the Company.

(d) In connection with any offering initiated by the Investors pursuant to this Section 2.3 involving an underwriting of shares of Registrable Securities, the Company shall not be required to include any of the Registrable Securities in such underwriting unless the Investors (i) enter into an underwriting agreement in customary form with the underwriter or underwriters, (ii) accept customary terms in such underwriting agreement with regard to representations and warranties relating to ownership of the Registrable Securities and authority and power to enter into such underwriting agreement and (iii) complete and execute all customary questionnaires, powers of attorney, custody agreements, indemnities and other documents as may be reasonably requested by such underwriter or underwriters. Further, the Company shall not be required to include any of the Registrable Securities in such underwriting if (Y) the underwriting agreement proposed by the underwriter or underwriters contains representations, warranties or conditions that are not reasonable in light of the Company's then-current business or (Z) the underwriter, underwriters or the Investors require the Company to participate in any marketing, road show or comparable activity that may be required to complete the orderly sale of shares by the underwriter or underwriters.

(e) If the total amount of securities to be sold in any offering initiated by the Investors pursuant to this Section 2.3 involving an underwriting of shares of Registrable

Securities exceeds the amount that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities (subject in each case to the cutback provisions set forth in this Section 2.3(e)), that the underwriters and the Company determine in their sole discretion shall not jeopardize the success of the offering. If the underwritten public offering has been requested pursuant to Section 2.3(a) hereof, the number of shares that are entitled to be included in the registration and underwriting shall be allocated in the following manner: (a) first, shares of Company equity securities that the Company desires to include in such registration shall be excluded and (b) second, Registrable Securities requested to be included in such registration by the Investors shall be excluded. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round down the number of shares allocated to any of the Investors to the nearest 100 shares.

2.4. Fees and Expenses. All Registration Expenses incurred in connection with registrations pursuant to this Agreement shall be borne by the Company. All Selling Expenses relating to securities registered on behalf of the Investors shall be borne by the Investors.

2.5. Registration Procedures. In the case of each registration of Registrable Securities effected by the Company pursuant to Section 2.1 hereof, the Company shall keep the Investors advised as to the initiation of each such registration and as to the status thereof. The Company shall use its reasonable best efforts, within the limits set forth in this Section 2.5, to:

(a) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectuses used in connection with such Registration Statement as may be necessary to keep such Registration Statement effective and current and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement, and notify the Investors, promptly after the Company receives notice thereof, of the time when such Registration Statement has been declared effective or became effective, or a supplement to any prospectus used in connection therewith has been filed, and notify the Investors of any request by the Commission that the Company amend or supplement such Registration Statement or prospectus used in connection therewith;

(b) furnish to the Investors such numbers of copies of a prospectus, including preliminary prospectuses, in conformity with the requirements of the Securities Act, and such other documents as the Investors may reasonably request in order to facilitate the disposition of Registrable Securities;

(c) use its reasonable best efforts to register and qualify the Registrable Securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions in the United States as shall be reasonably requested by the Investors, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(d) in the event of any underwritten public offering, and subject to Section 2.3(d), enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering and take such other usual and customary action as the Investors may reasonably request in order to facilitate the disposition of such Registrable Securities;

(e) notify the Investors at any time when a prospectus relating to a Registration Statement covering any Registrable Securities 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, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Company shall use its reasonable best efforts to amend or supplement such prospectus as promptly as practicable in order to cause such prospectus not to include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and to provide the Investors such amendment or supplement as promptly as practicable after filing with the Commission or upon effectiveness thereof, as the case may be;

(f) provide a transfer agent and registrar for all Registrable Securities registered pursuant to such Registration Statement and, if required, a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(g) if requested by an Investor, use reasonable best efforts to cause the Company's transfer agent to remove any restrictive legend from any Registrable Securities, within two business days following such request;

(h) cause to be furnished, at the request of the Investors, on the date that Registrable Securities are delivered to underwriters for sale in connection with an underwritten offering pursuant to this Agreement, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, and (ii) a letter or letters from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters;

(i) cause all such Registrable Securities included in a Registration Statement pursuant to this Agreement to be listed on each securities exchange or other securities trading markets on which Common Stock is then listed;

(j) use commercially reasonable efforts to otherwise facilitate the public offering of the Registrable Securities (provided that, for the avoidance of doubt, such commercially reasonable efforts shall not require the Company to pay any expenses of such offering other than in accordance with Section 2.4); and

(k) during the period when the prospectus is required to be delivered under the Securities Act, file all documents required to be filed with the Commission pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act.

2.6. The Investors Obligations.

(a) Discontinuance of Distribution. The Investors agree that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in Section 2.5(e) hereof, the Investors shall immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement covering such Registrable Securities until the Investors' receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.5(e) hereof or receipt of notice that no supplement or amendment is required and that the Investors' disposition of the Registrable Securities may be resumed. The Company may provide appropriate stop orders to enforce the provisions of this Section 2.6(a).

(b) Compliance with Prospectus Delivery Requirements. The Investors covenant and agree that they shall comply with the prospectus delivery requirements of the Securities Act as applicable to them or an exemption therefrom in connection with sales of Registrable Securities pursuant to any Registration Statement filed by the Company pursuant to this Agreement.

(c) Notification of Sale of Registrable Securities. The Investors covenant and agree that, for so long as they beneficially own five percent (5%) or more of the Company's Common Stock,
they shall notify the Company following the sale of Registrable Securities to a third party as promptly as reasonably practicable, and in any event within thirty (30) days, following the sale of such Registrable Securities, it being understood and agreed that filings on the Commission's EDGAR system in respect of the Common Stock by Investors shall be deemed to satisfy such notice requirement.

2.7. Indemnification.

(a) To the extent permitted by law, the Company shall indemnify the Investors, and, as applicable, their officers, directors, and constituent partners, members and stockholders, and legal counsel and accountants for each Investor and each Person controlling the Investors, with respect to which registration, related qualification, or related compliance of Registrable Securities has been effected pursuant to this Agreement, and each underwriter, if any, and each Person who controls any underwriter within the meaning of the Securities Act against all claims, losses, damages, or liabilities (or actions in respect thereof) to the extent such claims, losses, damages, or liabilities arise out of or are based upon (i) any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus or other document (including any related Registration Statement) incident to any such registration, qualification, or compliance, or
(ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act,

any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification, or compliance; and the Company shall pay as incurred to the Investors, each such underwriter, and each Person who controls the Investors or underwriter, any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action; provided, however, that the indemnity contained in this Section 2.7(a) shall not apply to amounts paid in settlement of any such claim, loss, damage, liability, or action if settlement is effected without the consent of the Company (which consent shall not unreasonably be withheld, conditioned or delayed); and provided, further, that the Company shall not be liable in any such case to the extent that any such claim, loss, damage, liability, or expense arises out of or is based upon any violation by such Investor of the obligations set forth in Section 2.6 hereof or any actions or omissions made in reliance upon, and in conformity with, written information furnished by or on behalf of any Investor, such underwriter, or such controlling Person, or other aforementioned Person for use in connection with such registration, qualification, or compliance.

(b) To the extent permitted by law, each Investor (severally and not jointly) shall, if Registrable Securities held by such Investor are included for sale in the registration and related qualification and compliance effected pursuant to this Agreement, indemnify the Company, each of its directors, each officer of the Company who signs the applicable Registration Statement, each legal counsel, each accountant and each underwriter of the Company's securities covered by such a Registration Statement, each Person who controls the Company or such underwriter within the meaning of the Securities Act against all claims, losses, damages, and liabilities (or actions in respect thereof) arising out of or based upon (i) any untrue statement (or alleged untrue statement) of a material fact contained in any such Registration Statement, or related document, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated

therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by such Investor of Section 2.6 hereof, the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law applicable to such Investor and relating to action or inaction required of such Investor in connection with any such registration and related qualification and compliance, and shall pay as incurred to such persons, any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action, in each case only to the extent that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in (and such violation pertains to) such Registration Statement or related document in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Investor for use in connection with such registration, qualification, or compliance; provided, however, that the indemnity contained in this Section 2.7(b) shall not apply to amounts paid in settlement of any such claim, loss, damage, liability, or action if settlement is effected without the consent of such Investor (which consent shall not unreasonably be withheld, conditioned or delayed); provided, further, that such Investor's liability under this Section 2.7(b) (when combined with any amounts such Investor is liable for under Section 2.7(d)) shall not exceed such Investor's net proceeds from the offering of

securities made in connection with such registration, except in the case of fraud or willful misconduct by any Investor.

(c) Promptly after receipt by an indemnified party under this Section 2.7 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under this Section 2.7, notify the indemnifying party in writing of the commencement thereof and generally summarize such action. The indemnifying party shall have the right to participate in and to assume the defense of such claim; provided, however, that the indemnifying party shall be entitled to select counsel for the defense of such claim with the approval of any parties entitled to indemnification, which approval shall not be unreasonably withheld, conditioned or delayed; provided further, however, that if either party reasonably determines that there may be a conflict between the position of the Company and the Investors in conducting the defense of such action, suit, or proceeding by reason of recognized claims for indemnity under this Section 2.7, then counsel for such party shall be entitled to conduct the defense to the extent reasonably determined by such counsel to be necessary to protect the interest of such party. The failure to notify an indemnifying party promptly of the commencement of any such action within a reasonable time of the commencement of such action, if materially prejudicial to the ability of the indemnifying party to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 2.7, but the omission so to notify the indemnifying party shall not relieve such party of any liability that such party may have to any indemnified party otherwise than under this Section 2.7.

(d) If the indemnification provided for in this Section 2.7 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in

such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. In no event, however, shall (i) any amount due for contribution hereunder be in excess of the amount that would otherwise be due under Section 2.7(a) or Section 2.7(b), as applicable, based on the limitations of such provisions and (ii) a Person guilty of fraudulent misrepresentation (within the meaning of the Securities Act) be entitled to contribution from a Person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into

in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control; provided, however, that the failure of the underwriting agreement to provide for or address a matter provided for or addressed by the foregoing provisions shall not be a conflict between the underwriting agreement and the foregoing provisions.

(f) The obligations of the Company and the Investors under this Section 2.7 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement or otherwise.

2.8. Information. The Investors shall furnish to the Company such information regarding the Investors and the distribution proposed by the Investors as the Company may reasonably request and as shall be reasonably required in connection with any registration referred to in this Agreement. The Investors agree to, as promptly as practicable (and in any event prior to any sales made pursuant to a prospectus), furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by the Investors not misleading. The Investors agree to keep confidential the receipt of any notice received pursuant to Section 2.5(e) and the contents thereof, except as required pursuant to applicable law. Notwithstanding anything to the contrary herein, the Company shall be under no obligation to name the Investors in any Registration Statement if the Investors have not provided the information required by this Section 2.8 with respect to the Investors as a selling securityholder in such Registration Statement or any related prospectus.

2.9. Rule 144 Requirements. With a view to making available to the Investors the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the Commission that may at any time permit the Investors to sell Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(a) make and keep adequate current public information available, as those terms are understood and defined in Rule 144 under the Securities Act at all times after the date hereof;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act;

(c) prior to the filing of the Registration Statement or any amendment thereto (whether pre-effective or post-effective), and prior to the filing of any prospectus or prospectus supplement related thereto, to provide the Investors with copies of all of the pages thereof (if any) that reference the Investors; and

(d) furnish to any Investor, so long as the Investor owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested by an Investor in availing itself of any rule or regulation of the Commission which permits an Investor to sell any such securities without registration.

2.10. Termination of Status as Registrable Securities. The Registrable Securities shall cease to be Registrable Securities upon the earliest to occur of the following events: (i) such Registrable Securities have been sold pursuant to an effective Registration Statement; (ii) such Registrable Securities have been sold by the Investors pursuant to Rule 144 (or other similar rule), (iii) such Registrable Securities may be resold by the Investor holding such Registrable Securities without limitations as to volume or manner of sale pursuant to Rule 144; or (iv) five years after the date of this Agreement.

Section 3.
Miscellaneous

3.1. Amendment. No amendment, alteration or modification of any of the provisions of this Agreement shall be binding unless made in writing and signed by each of the Company and the Investors.

3.2. Injunctive Relief. It is hereby agreed and acknowledged that it shall be impossible to measure in money the damages that would be suffered if the parties fail to comply with any of the obligations herein imposed on them and that in the event of any such failure, an aggrieved Person may be irreparably damaged and may not have an adequate remedy at law. Any such Person shall, therefore, be entitled (in addition to any other remedy to which it may be entitled in law or in equity) to seek injunctive relief, including, without limitation, specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

3.3. Notices. All notices required or permitted under this Agreement must be in writing and sent to the address or e-mail address identified below. Notices must be given: (a) by personal delivery, with receipt acknowledged; (b) by e-mail prior to 5 p.m., local time of the recipient, on a business day and if not sent prior to such time, then on the recipient's next business day; (c) by prepaid certified or registered mail, return receipt requested; or (d) by prepaid reputable overnight delivery service. Notices shall be effective upon receipt. Either party may change its notice address by providing the other party written notice of such change in accordance with this Section 3.3. Notices shall be delivered as follows:

If to the Investors:	At such Investor's address as set forth on Schedule A hereto
If to the Company:	Assertio Holdings, Inc. Attention: Daniel Peisert 100 S. Saunders, Suite 300 Lake Forest, IL 60045 E-mail: dpeisert@assertiotx.com

3.4. Governing Law; Jurisdiction; Venue; Jury Trial.

(a) This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(b) Each of the Company and the Investors irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan, New York and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement and the transactions contemplated herein, or for recognition or enforcement of any judgment, and each of the Company and the Investors irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the fullest extent permitted by applicable law, in such federal court. Each of the Company and the Investors hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the Company and the Investors irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement and the transactions contemplated herein in any court referred to in Section 3.4(b) hereof. Each of the Company and the Investors hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) EACH OF THE COMPANY AND THE INVESTORS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANYRIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE COMPANY AND THE INVESTORS
(A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT EACH OF THE COMPANY AND THE INVESTORS HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

3.5. Successors, Assigns and Transferees. Any and all rights, duties and obligations hereunder shall not be assigned, transferred, delegated or sublicensed by any party hereto without the prior written consent of the other party; provided, however, that the Investors shall be entitled to transfer Registrable Securities to one or more of their affiliates and, solely in connection therewith, may assign their rights hereunder in respect of such transferred Registrable Securities, in each case, so long as such Investor is not relieved of any liability or obligations hereunder, without the prior consent of the Company (such consent not to be unreasonably conditioned, withheld or delayed); provided further, however the Company is, within a reasonable time after such transfer, furnished with written notice of such transfer and such transferee and the Registrable Securities with respect to which such rights are being transferred. Any transfer or

assignment made other than as provided in the first sentence of this Section 3.5 shall be null and void. Subject to the foregoing and except as otherwise provided herein, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors and administrators of the parties hereto. The Company shall not consummate any recapitalization, merger, consolidation, reorganization or other similar transaction whereby stockholders of the Company receive (either directly, through an exchange, via dividend from the Company or otherwise) equity (the "Other Equity") in any other entity (the "Other Entity") with respect to Registrable Securities hereunder, unless prior to the consummation thereof, the Other Entity assumes, by written instrument, the obligations under this Agreement with respect to such Other Equity as if such Other Equity were Registrable Securities hereunder.

3.6. Entire Agreement. This Agreement, together with any exhibits hereto, constitute the entire agreement between the parties relating to the subject matter hereof and all previous agreements or arrangements between the parties, written or oral, relating to the subject matter hereof are superseded.

3.7. Waiver. No failure on the part of either party hereto to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either party hereto in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver thereof; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

3.8. Severability. If any part of this Agreement is declared invalid or unenforceable by any court of competent jurisdiction, such declaration shall not affect the remainder of the Agreement and the invalidated provision shall be revised in a manner that shall render such provision valid while preserving the parties' original intent to the maximum extent possible.

3.9. 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. All references in this Agreement to sections, paragraphs and exhibits shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits attached hereto.

3.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties that execute such counterparts (including by facsimile or other electronic means), and all of which together shall constitute one instrument.

3.11. Term and Termination. The Investors' rights to demand the registration of the Registrable Securities under this Agreement, as well as the Company's obligations under Section 2.2 hereof, shall terminate automatically once all Registrable Securities cease to be Registrable Securities pursuant to the terms of Section 2.10 of this Agreement.

3.12. MNPI.

(a) Each Holder acknowledges that the provisions of this Agreement that require communications by the Company or other Investors to such Investor may result in such Investor and its Representatives (as defined below) acquiring material, non-public information ("MNPI") (which may include, solely by way of illustration, the fact that an offering of the Company's securities is pending or the number of Company securities or the identity of the selling Investors) (any such MNPI resulting from communications required under this Agreement, the "Covered MNPI").

(b) Each Investor agrees that it will maintain the confidentiality of the Covered MNPI and, to the extent such Investor is not a natural Person, such confidential treatment shall be in accordance with procedures adopted by it in good faith to protect confidential information of third parties delivered to such Investor.

(c) Each Investor, by its execution of a counterpart to this agreement, hereby acknowledges that it is aware that the U.S. securities laws prohibit any Person who has MNPI about a company from purchasing or selling, directly or indirectly, securities of such company (including entering into hedge transactions involving such securities), or from communicating such information to any other Person under circumstances in which it is reasonably foreseeable that such Person is likely to purchase or sell such securities.

(d) Each Investor shall have the right, at any time and from time to time (including after receiving information regarding any potential public offering), to elect not to receive any notice that the Company or any other Investors otherwise are required to deliver pursuant to this Agreement by delivering to the Company a written statement signed by such Investor that it does not want to receive any notices or any other Covered MNPI hereunder (an "Opt-Out Request"); in which case and notwithstanding anything to the contrary in this Agreement, the Company and other Investors shall not be required to, and shall not, deliver any notice or other information required to be provided to Investors hereunder to the extent that the Company or such other Investors reasonably expect would result in an Investor acquiring Covered MNPI. An Opt-Out Request may state a date on which it expires or, if no such date is specified, shall remain in effect indefinitely; provided, that an Investor who previously has given the Company an Opt-Out Request may revoke such request at any time by providing written notice of such revocation to the Company, and there shall be no limit on the ability of an Investor to issue and revoke subsequent Opt-Out Requests.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement effective as of the day, month and year first above written.

LOAN SECURITY HOLDINGS I LLC

By: /s/ Andrei Dorenbaum
Name: Andrei Dorenbaum
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement effective as of the day, month and year first above written.

ASSERTIO HOLDINGS, INC.

By: /s/ Daniel Peisert
Name: Daniel Peisert
Title: Authorized Signatory

Schedule A

The Investors

Loan Security Holdings I LLC 1000 Main Street, Suite 2500
Houston, TX 77002 Attn: General Counsel

Tel: (713) 209-7350
Email: notices@crglp.com

Exhibit 4.4

[FORM OF COMMON STOCK PURCHASE WARRANT]

ASSERTIO HOLDINGS, INC.

This COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time and from time to time after the date hereof (the "Initial Exercise Date"), to subscribe for and purchase from Assertio Holdings, Inc., a Delaware corporation (the "Company"), _____ shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Reference is made hereby to that certain Common Stock Purchase Warrant issued by Zyla Life Sciences (f/k/a Egalet Corporation) ("Zyla") to Holder on January 31, 2019 for shares of Zyla's Common Stock, par value $0.001 per share, in the amount of _____ shares (the "Existing Warrant"). The Warrant is issued to replace the Existing Warrant as contemplated by the Agreement and Plan of Merger, dated as of March 16, 2020, by and among the Company, Zyla, Assertio Therapeutics, Inc., Zebra Merger Sub, Inc. and Alligator Merger Sub, Inc.

Section 1. Definitions.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Business Day" means a day that is not a Saturday, Sunday or day on which banking institutions in the city to which the notice or communication is to be sent are not required to be open.

"Common Stock" means the common stock, par value $0.0001 per share, of the Company and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Company's subsidiaries which would entitle the holder thereof to acquire at any time shares of Common Stock, including, without limitation, any debt, preferred shares, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, shares of Common Stock.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fair Value," as of a specified date, means the price per share of Common Stock determined as follows:

(i) in the case of shares of Common Stock listed on the New York Stock Exchange or the NASDAQ Stock Market, the VWAP of a share of Common Stock for the 20 Trading Days ending on, but excluding, the specified date (or if the Common Stock has been listed for less than 20 Trading Days, the VWAP for such lesser period of time);

(ii) in the case of Common Stock not listed on the New York Stock Exchange or the NASDAQ Stock Market, the VWAP of a share of Common Stock in composite trading for the principal U.S. national or regional securities exchange (including, for such purpose, the Over The Counter Bulletin Board or Pink Sheets) on which the Common Stock is then listed for the 20 Trading Days ending on, but excluding, the specified date (or if the Common Stock has been listed for less than 20 Trading Days, the VWAP for such lesser period of time); or

(iii) in all other cases, the fair value per share of Common Stock as of a date not earlier than 10 Business Days preceding the specified date as determined in good faith by the Board of Directors of the Company and, if the Board of Directors of the Company elects to engage the same, upon the advice of an independent investment banking, financial advisory or valuation firm or appraiser selected by the Board of Directors of the Company; provided, however, that notwithstanding the foregoing, if the disinterested members of the Board of Directors of the Company determines in good faith that the application of clauses (i) or (ii) of this definition would result in a VWAP based on the trading prices of a thinly-traded Common Stock such that the price resulting therefrom may not represent an accurate measurement of the fair value of the Common Stock, the disinterested members of the Board of Directors at their election may apply the provisions of clause (iii) of this definition in lieu of the applicable clause (i) or (ii) with respect to the determination of the fair value of the Common Stock.

"Fully Diluted Shares Outstanding" means, as of the time of calculation, (x) the aggregate number of shares of Common Stock issued and outstanding plus (y) the aggregate number of shares of Common Stock issuable upon the conversion of any other issued and outstanding securities or rights convertible into, or exchangeable for (in each case, directly or indirectly), Common Stock (excluding, for the avoidance of doubt, any unexercised warrants or options to purchase Common Stock.

"Net Share Amount" means for each Warrant exercised as to which Net Share Settlement is applicable, a fraction of a Warrant Share equal to (i) the Fair Value (as of the exercise date for such Warrant) of one Warrant Share minus the Exercise Price therefor divided by (ii) such Fair Value. The number of Warrant Shares issuable upon exercise, on the same exercise date, of Warrants as to which Net Share Settlement is applicable shall be aggregated, with any fractional Warrant Share rounded as provided in Section 2(e)(v). In no event shall the Company deliver a fractional Warrant Share in connection with an exercise of Warrants as to which Net Share Settlement is applicable.

"Net Share Settlement" means the settlement method pursuant to which an exercising Holder shall be entitled to receive from the Company, for each Warrant exercised, a number of Warrant Shares equal to the Net Share Amount without any payment of cash therefor.

"Person" means an individual, a corporation, a limited liability company, an association, a partnership, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise. For the avoidance of doubt, the Standard Settlement Period as of the Initial Exercise Date is two (2) Trading Days, and if the Common Stock is not listed for trading on any exchange the Standard Settlement Period shall be two (2) Business Days.

"Trading Day" means each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which the Common Stock is not traded on the applicable securities exchange.

"Trading Market" means any of the following markets or exchanges on which the shares of Common Stock are listed or quoted for trading on the date in question: The NASDAQ Global Market (or any successors thereto) or, if the Common Stock is not then listed on The NASDAQ Global Market (or any successors thereto), the principal other U.S. national or regional securities exchange or market (including, for such purpose, the Over The Counter Bulletin Board or Pink Sheets) on which the Common Stock is listed or admitted for trading.

"Transfer Agent" means Continental Stock Transfer & Trust Company, and any successor transfer agent of the Company.

"VWAP" means, for any Trading Day, the price for the Common Stock determined by the daily volume weighted average price per share of the Common Stock for such Trading Day on the trading market on which the Common Stock is then listed or quoted, in each case, for the regular trading session (including any extensions thereof, without regard to pre-open or after hours trading outside of such regular trading session) as reported on the New York Stock Exchange or NASDAQ Stock Market, or if such Securities are not listed or quoted on the New York Stock Exchange or NASDAQ Stock Market, as reported by the principal U.S. national or regional securities exchange (including, for such purpose, the Over The Counter Bulletin Board or Pink Sheets) on which such Securities are then listed or quoted, whichever is applicable, as published by Bloomberg at 4:15 P.M., New York City time (or 15 minutes following the end of any extension of the regular trading session), on such Trading Day, or if such volume weighted average price is unavailable or in manifest error, the price per share of Common Stock using a volume weighted average price method selected by an independent nationally recognized investment bank or other qualified financial institution selected by the Board of Directors of the Company.

Section 2. Exercise.

a) Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy (or e-mail attachment) of the Notice of Exercise in the form annexed hereto. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall, but without delaying the Company's requirement to deliver Warrant Shares on the applicable Warrant Share Delivery Date (as defined below), surrender this Warrant to the Company for cancellation as soon as practicable following the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the**

purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be $0.____ per share (the "Exercise Price").

c) Exercise for Cash. This Warrant may be exercised, at any time on or after the Initial Exercise Date, in whole or in part, by (i) delivery to the Company of the Notice of Exercise in accordance with the procedures set forth in Section 2(a) and (ii) a cash payment to the Company in the amount equal to the Exercise Price multiplied by the number of Warrant Shares in respect of which this Warrant is then exercised by wire transfer or cashier's check drawn on a United States bank.

d) Cashless Exercise. This Warrant may be exercised, at any time on or after the Initial Exercise Date, in whole or in part, by means of a Net Share Settlement and in accordance with the procedures set forth in Section 2(a).

With respect to any Warrant Shares issued pursuant to any such a Net Share Settlement, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 2(d).

e) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") by the final day of the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the closing price of the Common Stock on the date of the applicable Notice of Exercise or, if the Common Stock is not then listed on any national or regional securities exchange, based on the then most recent closing price of the Common Stock prior to the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the fifth (5th) Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise; provided, however, that notwithstanding the foregoing, the Holder shall not be entitled to such liquidated damages if the Holder is entitled to the Buy-In payments pursuant to Section 2(e)(iv) below. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new

Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(e)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(e)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder was entitled to receive upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions), and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate actual sale price (including brokerage commissions) giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall promptly provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In together with applicable confirmations and other evidence reasonably requested by the Company. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof; provided, however, that the Holder shall not be entitled to both (i) require the reinstatement of the portion of the Warrant and the equivalent Warrant Shares for which such exercise was not honored and (ii) receive the number of shares of Common Stock that would have been issued if the Company had timely complied with its delivery requirements hereunder.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the

Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

f) Holder's Exercise Limitations.

i. Limitation on Exercise. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act and the applicable rules and regulations of the Commission, including any "group" of which the Holder is a member (such Persons, "Attribution Parties")), would own, of record, in excess of the Ownership Limitation (as defined below), provided that the limitations in this Section 2(f) shall only apply for the period beginning on January 31, 2019 (the "Effective Date") and ending on the date which is eighteen (18) months immediately following the Effective Date, and provided, further, that the limitations in this Section 2(f) shall not apply in the event of a Fundamental Transaction (as defined below) or following a Notice of Dissolution (as defined below.) For the avoidance of doubt, the Holder shall be permitted to exercise this Warrant, at any time, in part or in whole, in amounts sufficient for the Holder and Attribution Parties to maintain in the aggregate no less than the Ownership Limitation, including if and to the extent that (A) any other warrants issued by the Company are exercised, transferred, exchanged, redeemed or otherwise cease to be in the ownership or control of the parties that received such warrants on or substantially concurrently with the Effective Date or (B) the Company issues additional Common Stock for any reason (including, for the avoidance of doubt, any exercise, exchange or conversion of warrants, options or convertible securities or other securities into shares of Common Stock.)

ii. Calculation of Limitation. For purposes of this Section 2(f), the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, non-exercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or non-converted portion of any other securities of the Company (including, without limitation, any other warrants, options or convertible debt securities of the Company) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. The submission of a Notice of Exercise shall be deemed to be the

Holder's representation that the exercise of this Warrant is not subject to the limitation contained in this Section 2(f). In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(f), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. In each case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported.

iii. Company Notice. The Company shall provide written notice to each Warrant Holder (A) within five (5) days after the exercise, transfer, exchange, repurchase or other transfer of ownership or control of any warrants issued by the Company, (B) within five (5) days after any issuance of Common Stock by the Company (including, for the avoidance of doubt, any exercise, exchange or conversion of warrants, options or convertible securities or other securities into shares of Common Stock,) (C) within one (1) Business Day after any decision by the Board of Directors of the Company to take action toward the dissolution, liquidation or winding up of the Company (a "Notice of Dissolution") and (D) of the number of outstanding shares of Common Stock and the Fully Diluted Shares Outstanding upon the reasonable request of the Holder within two (2) Business Days after any such request. Each warrant issued by the Company on or substantially concurrently with the Effective Date shall include a blackout period of no less than twenty-five (25) days prior to the record date of any vote of the stockholders of the Corporation. In the event that any warrant not held by the Holder is exercised within ten (10) days before the beginning of such blackout period (a "Pre-Blackout Exercise"), the Holder will be entitled and given the opportunity during such blackout period and prior to such record date to exercise that portion of this Warrant necessary for the Holder together with the Attribution Parties to hold, in the aggregate, up to the Ownership Limitation.

iv. Ownership Limitation Percentage. The "Ownership Limitation" shall be 49.0% of the Fully Diluted Shares Outstanding. The limitations contained in this Section 2(f) shall apply to a successor holder of this warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company (each, a "Dilutive Event"), then, in each case, the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted in a good faith, commercially reasonable manner to preserve the fair value of the Warrants. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to

receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend (including a cash dividend), spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 2(f) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any

additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(f) on the exercise of this Warrant). If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the Exercise Price hereunder to such shares of capital stock (but taking into account the value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Company or the Successor Entity, as applicable), and, as applicable, the Company or the Successor Entity or Successor Entities, jointly and severally, may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if, as applicable, the Company or such Successor Entity or Successor Entities, jointly and severally, had been named as the Company herein.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder. Whenever the number of Warrant Shares is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the number of Warrant Shares after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register (as defined below) of the Company, at least 20 calendar days prior to the applicable

record or effective date hereinafter specified (or, less than 20 calendar days, if sent concurrently upon the notice sent to the Company's stockholders or public disclosure by the Company of such events), a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Company's subsidiaries, the Company shall simultaneously file such notice with the Securities and Exchange Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. This Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within two (2) Trading Days of the date the Holder delivers an assignment form to the Company assigning this Warrant full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then, such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.

(i) The Company covenants that as of the date hereof and during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

(ii) Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, 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 such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or

consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

(iii) Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to any choice or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than those of the State of Delaware. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the State of Delaware. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the State of Delaware for the adjudication of any dispute hereunder or in connection herewith, and hereby irrevocably waives, and agrees not to assert in any action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such action or proceeding by overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Non-waiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notices, consents, waivers or other document or communications required or permitted to be given or delivered under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, if delivered personally; (ii) when sent, if sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); (iii) when sent, if sent by e-mail (provided that such sent e-mail is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient's e-mail server that such e-mail could not be delivered to such recipient) and (iv) if sent by overnight courier service, one (1) Trading Day after deposit with an overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses, facsimile numbers and e-mail addresses for such communications shall

be, if to the Holder, to its address, facsimile number or e-mail address set forth herein or on the books and records of the Company, and if to the Company:

Address:	Assertio Holdings, Inc. 100 South Saunders Rd. Suite 300 Lake Forest, IL 60045
Attention:	Dan Peisert
Email:	dpeisert@assertiotx.com

Or, in each of the above instances, to such other address, facsimile number or e-mail address and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party at least five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date and recipient facsimile number or (C) provided by an overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from an overnight courier service in accordance with clause (i), (ii) or (iv) above, respectively. A copy of the e-mail transmission containing the time, date and recipient email address shall be rebuttable evidence of receipt by e-mail in accordance with clause (iii) above.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

k) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holders of Warrants of the same class representing not less than a majority of the Warrant Shares obtainable upon exercise of the aggregate number of Warrants of such class then outstanding; provided, that any modification or amendment that disproportionately and materially adversely impacts a Holder shall require the consent of such Holder.

l) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant. The provisions of this Warrant shall be construed and implemented in a manner otherwise than in strict conformity with the terms of hereof which may be defective or inconsistent with the rules and regulations of the Trading Market and the parties hereby agree to make changes or supplements necessary or desirable to comply with such rules and regulations.

m) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

n) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

o) Replacement. The Warrant replaces in its entirety the Existing Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

ASSERTIO HOLDINGS, INC.

By: _____

Name:

Title:

EXHIBIT A

NOTICE OF EXERCISE

TO: ASSERTIO HOLDINGS, INC.

The undersigned hereby elects to purchase Warrant Shares of the Company pursuant to the terms of the Warrant (which Warrant will be attached only if exercised in full). By executing this notice, the undersigned Holder represents that it has complied with the Holder's exercise limitations set forth in Section 2(f) of the Warrant. Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

[SIGNATURE OF HOLDER]

Name of Investing Entity:

_____

Signature of Authorized Signatory of Investing Entity:

_____

Name of Authorized Signatory:

_____

Title of Authorized Signatory:

_____

Date:

_____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to exercise the Warrant.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number:

Email Address:

Dated:

Holder's Signature: _____

Holder's Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Exhibit 10.6

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of June 17, 2020 effective as of May 20, 2020 (the "Effective Date"), by and between Zyla Life Sciences, a Delaware corporation (the "Company"), and Todd N. Smith (the "Executive").

WITNESSETH:

WHEREAS, the Company desires to employ the Executive, and the Executive desires to be employed by the Company, each upon the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, the Company and the Executive agree as follows.

1. Employment. The Company hereby agrees to employ the Executive, and the Executive hereby accepts employment by the Company, for the period and upon the terms and conditions contained in this Agreement.

2. Term. The Executive's term of employment with the Company under this Agreement shall begin on the Effective Date and shall continue on an at-will basis until that employment ceases in accordance with Section 6 of this Agreement for any reason (the "Term").

3. Office and Duties.

(a) During the Term, the Executive shall serve as the President and Chief Executive Officer of the Company and the President and Chief Executive Officer of Assertio Holdings, Inc. ("Parent"), as well as in any other position to which the Executive is appointed by Parent's Board of Directors (the "Board"). The Executive shall report to the Board and shall perform such duties and have such responsibilities as the Board may determine from time to time and which are consistent with the Executive's then current positions hereunder.

(b) During the Term, the Company shall cause the Executive to be nominated to the Board to the extent that the Executive is up for re-election.

(c) During the Term, the Executive shall devote substantially all of the Executive's business time and the Executive's skill and best efforts to the performance of the Executive's duties hereunder in a manner that will faithfully and diligently further the business and interests of the Company.

(d) During the Term, the Executive shall not be engaged in any business activity which, in the reasonable judgment of the Board, conflicts with the Executive's duties

hereunder, whether or not such activity is pursued for pecuniary advantage. Should the Executive wish to provide any services to any other person or entity other than the Company or to serve on the board of directors of any other entity or organization, the Executive shall submit a written request to the Board for consideration and approval by the Board in its sole discretion; provided, however, that the Company acknowledges and agrees that the Executive currently provides services to the following companies and that the Executive may continue to provide such services during the Term (provided that, without the Board's prior written consent, the Executive's average monthly time commitment to any one of such companies shall not increase beyond the level of his average monthly time commitment to such company as of the Effective Date): Novum Pharma, LLC and its affiliated entities, Novos Growth, LLC and its affiliated entities, Champion Investments, LLC, Athilio Pharma, LLC and its affiliated entities, Underhill Pharma, LLC, Beaver-Visitec International, Vault Pharma and Bright Path Pharmaceuticals.

4. Compensation.

(a) For all of the services rendered by the Executive hereunder during the Term, the Executive shall receive an annual base salary of $675,000 (the "Base Salary"), payable in accordance with the Company's regular payroll practices in effect from time to time. The Base Salary will be reviewed annually by the Board to determine if any increase is appropriate, and if the Executive's Base Salary is increased, then the term "Base Salary" as used in this Agreement shall mean the amount of the Executive's Base Salary then in effect at the applicable time.

(b) During the Term, the Executive shall be eligible to receive an annual bonus (the "Annual Bonus") with a target amount (the "Target Bonus Opportunity") equal to 80% of the Base Salary, in accordance with the terms and conditions of an annual incentive bonus program of the Company as in effect from time to time. Subject to the Executive's continued employment through the payment date (except as otherwise provided in this Agreement), the Annual Bonus, if any, shall be paid to the Executive on the date the Company pays bonuses to its executives generally for the year to which such Annual Bonus relates (and in all events any earned Annual Bonus shall be paid in the calendar year immediately following the calendar year to which it relates).

(c) During the Term, the Executive shall be entitled to participate in the Company's employee benefit plans, including without limitation, any health, dental, vision and 401(k) plans maintained by the Company, on the same terms and conditions as may from time to time be applicable to the Company's other executive officers, as such employee benefit plans may be in place from time to time.

(d) The Executive shall be entitled to a minimum of twenty (20) days of vacation per year (prorated for any partial year worked), in accordance with Company's policy as in effect from time to time. The Executive shall also be entitled to sick days and paid holidays in accordance with the Company's policy as in effect from time to time.

(e) During the Term, the Executive shall be reimbursed by the Company for all necessary and reasonable expenses, professional dues, continuing education fees (including, without limitation, any fees and expenses related to the maintenance of professional

licenses) and membership dues incurred by the Executive in connection with the performance of the Executive's duties hereunder. The Executive shall keep an itemized account of such expenses, together with vouchers and/or receipts verifying the same. Any such expense reimbursement will be made in accordance with the Company's policies governing reimbursement of expenses as are in effect from time to time.

(f) All payments and benefits made pursuant to this Agreement shall be subject to such withholding as the Company reasonably believes is required by any applicable federal, state, local or foreign law.

5. Representations of Executive. The Executive represents to the Company that (i) there are no restrictions, agreements or understandings whatsoever to which the Executive is a party that would prevent, or make unlawful, the Executive's execution of this Agreement and the Executive's employment hereunder; (ii) the Executive's execution of this Agreement and the Executive's employment hereunder shall not constitute a breach of any contract, agreement or understanding, oral or written, to which the Executive is a party, or by which the Executive is bound, and (iii) the Executive is of full capacity and free and able to execute this Agreement and to enter into employment with the Company.

6. Termination. The Term shall continue until the termination of the Executive's employment with the Company as provided below. Upon the termination of the Executive's employment with the Company, the Executive shall be deemed to have immediately resigned from any and all officer, director and other positions the Executive then holds with the Company, Parent and each of their respective affiliates (and this Agreement shall constitute notice of resignation by the Executive without any further action by the Executive), and the Executive agrees to execute and deliver such further instruments as are requested by the Company in furtherance of the foregoing (and the Executive also appoints the Company's then current general counsel as the Executive's attorney-in fact to execute any documents necessary to reflect such resignations).

(a) Death or Disability. If the Executive dies or becomes Disabled (as defined below), the Term and the Executive's employment with the Company shall immediately terminate. Upon such a termination of employment, the Company shall:

(i) pay to the Executive (or the Executive's estate, beneficiary or legal representative, as the case may be), within thirty (30) days following such termination of employment, all accrued but unpaid Base Salary and all accrued but unused vacation;

(ii) reimburse the Executive (or the Executive's estate, beneficiary or legal representative, as the case may be) for all reimbursable expenses that have not been reimbursed as of such termination of employment, with such reimbursement to occur in accordance with the procedures set forth in Section 4(e) of this Agreement; and

(iii) pay the Executive (or the Executive's estate, beneficiary or legal representative, as the case may be) any earned but unpaid Annual Bonus for the year immediately preceding the year of termination at the time the Company pays bonuses with respect to such year to its executives generally (and in all events between January 1st and

March 15th of the calendar year immediately following the calendar year in which such termination of employment occurs).

For purposes of this Agreement, "Disabled" means that in the opinion of a qualified physician, mutually acceptable to the Company and the Executive, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, the Executive (x) is unable to engage in any substantial gainful activity or (y) has been receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company. The termination of employment described herein shall not affect the Executive's right to continued eligibility to disability benefits under the Company's long-term disability coverage or plan, to the extent permitted by law and the plan's terms.

(b) For Cause. During the Term, the Company may terminate the Executive's employment for Cause (as defined below) upon written notice. Upon such a termination of employment, the Executive shall be entitled to only those benefits described in clauses (i) and (ii) of Section 6(a) of this Agreement. For purposes of this Agreement, "Cause" means (i) gross negligence or willful misconduct in the performance of the Executive's duties to any member of the Company Group (as defined below) where such gross negligence or willful misconduct has resulted or is likely to result in substantial and material damage to any member of the Company Group; (ii) repeated unexplained or unjustified absence from the performance of services for any member of the Company Group, (iii) a material and willful violation of any federal or state law resulting or likely to result in substantial and material damage to any member of the Company Group; (iv) commission of any act of fraud with respect to any member of the Company Group resulting or likely to result in substantial and material damage to any member of the Company Group, or (v) conviction of a felony or a crime involving moral turpitude causing material harm to the standing and reputation of any member of the Company Group, in each case, as determined in good faith by the Board, subject to the Company's compliance with the Cause Cure Process (as defined below). For purposes of this Agreement, "Company Group" means Parent, the Company and each of their respective subsidiaries, and "Cause Cure Process" means that (i) the Company reasonably determines that the Executive has engaged in behavior constituting "Cause"; (ii) the Company notifies the Executive in writing of the first occurrence of the behavior constituting "Cause" within ninety (90) days of the first occurrence of such condition; (iii) the Executive shall have thirty (30) days following such notice (the "Cause Cure Period"), to substantially remedy the condition, if curable; (iv) notwithstanding such efforts, the condition constituting "Cause" continues to exist; and (v) Company terminates the Executive's employment due to "Cause" within ninety (90) days after the end of the Cause Cure Period. For avoidance of doubt, if the behavior constituting "Cause" is not substantially curable, then the Cause Cure Period shall end on the date the Executive receives the Company's written notice set forth in clause (ii) of the immediately preceding sentence of this Section 6(b). If the Executive substantially cures the condition constituting "Cause" during the Cause Cure Period, such behavior constituting "Cause" shall be deemed not to have occurred.

(c) Without Cause. During the Term, the Company may terminate the Executive's employment at any time without Cause upon thirty (30) days' prior written notice; provided, however, that during such notice period, the Board, in its sole discretion, may relieve the Executive of all of the Executive's duties, responsibilities and authority with respect to the Company and its affiliates, and may restrict the Executive's access to Company property and its affiliates' property; provided, further, that the Board's exercise of such discretion shall not constitute Good Reason (as defined below). Upon such a termination of employment, except as provided in Sections 6(f) and 6(g) of this Agreement, the Company shall:

(i) provide the Executive with those benefits described in clauses (i) and (ii) of Section 6(a) of this Agreement;

(ii) pay the Executive any earned but unpaid Annual Bonus for the year immediately preceding the year of termination at the time the Company pays bonuses with respect to such year to its executives generally (and in all events between January 1st and March 15th of the calendar year immediately following the calendar year in which such termination of employment occurs);

(iii) continue providing the Executive with Base Salary for a period of eighteen (18) months following the date of such termination of employment (the "Severance Period"), with such Base Salary to be paid in accordance with the Company's regular payroll practice as if no such termination of employment had occurred;

(iv) during the portion of the Severance Period during which the Executive and the Executive's eligible dependents are eligible for COBRA coverage, reimburse the Executive and the Executive's eligible dependents for their COBRA premiums for coverage under the Company's medical, dental, vision and prescription drug plans, with such reimbursement to occur in accordance with the procedures set forth in Section 4(e) of this Agreement; provided, however, that if, at any time during the Severance Period, the Executive and the Executive's eligible dependents cease to be eligible for COBRA coverage (except as a result of the Executive's becoming eligible for coverage under the medical, dental, vision or prescription drug plans of a subsequent employer), the Company shall reimburse the Executive all reasonable premium costs incurred by the Executive to provide private medical, dental, vision and prescription drug insurance coverage for the Executive and the Executive's eligible dependents that is substantially equivalent to the medical, dental, vision and prescription drug insurance by which the Executive and the Executive's eligible dependents were covered on the date of the Executive's termination, until the earlier of (x) the termination of the Severance Period and (y) the date on which the Executive becomes eligible for coverage under the medical, dental, vision and prescription drug plans of a subsequent employer;

(v) credit the Executive with an additional twelve (12) months of employment for purposes of determining the vesting of the Executive's option shares, restricted stock, restricted stock units, other equity-based awards and other long-term incentive awards, including cash settled components, which shall result in the immediate vesting as of the date of such termination of employment of those otherwise unvested Company option shares, restricted stock, restricted stock units, other equity-based awards

and other long-term incentive awards, including cash settled components, that would have become vested if the Executive had completed an additional twelve (12) months of employment following the date of such termination of employment; provided that each such equity award shall be exercisable in accordance with the provisions of the award agreement and plan pursuant to which such equity award was granted, including, in the case of stock options, the plan or award agreement provisions regarding any post-termination period of exercisability; provided, further, that notwithstanding the provisions of such award agreement and plan, any restricted stock units, performance stock units, long-term incentive cash awards and other similar awards shall be settled within ten (10) days after the date of such termination of employment and any payment in respect of open periods of performance-based awards shall be calculated as set forth in such award agreement, or, if not specified in the award agreement, based on target performance; and

(vi) provide the Executive with up to three (3) consecutive months of outplacement services not to exceed $5,000 per month (with a provider and in a program selected by the Company, provided the Executive commences such services within ninety (90) days of the date of such termination of employment).

The Executive's right to receive the payments and benefits set forth in clauses (iii), (iv), (v) and (vi) of this Section 6(c) shall be conditioned on the Executive's continued compliance with Sections 8 and 9 hereof and signing, delivering to the Company and not subsequently revoking a release of claims in substantially the form attached hereto as Exhibit A (the "Release"), such that such Release is effective and irrevocable within sixty (60) days after the date of such termination of employment. The payments and benefits under clauses (iii), (iv), (v) and (vi) of this Section 6(c) shall not be made or commence, as applicable, until the first payroll date following the effective date of the Release (or if earlier, the date that is seventy-four (74) days following such termination of employment) and the first payment under clauses (iii) and (iv) of this Section 6(c) shall include any catch-up payments covering any payroll dates between the date of such termination of employment and the date of the first payment; provided, however, that if any of the payments or benefits under clauses (iii), (iv), (v) or (vi) of this Section 6(c) could be made or commence in more than one calendar year based on when the Executive executes the Release (regardless of when the Executive actually executes the Release), then to the extent required by Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), any such payments or benefits that otherwise would have been paid in such first calendar year shall not be made or commence, as applicable, until the Company's first payroll date in such second calendar year (with the first payment to include a catch-up to cover any payments that would have been made between the date of such termination and such first payroll date had no such delay occurred).

(d) Termination by Executive for Good Reason. During the Term, the Executive may resign his employment for Good Reason (as defined below). Upon such a termination, the Executive shall be entitled to those payments and benefits described in Sections 6(c), 6(f) or 6(g) of this Agreement, as applicable, and subject to the same terms and conditions on which such payments and benefits are conditioned, as though the Executive had been terminated by the Company without Cause. For purposes of this Agreement (except for Sections 6(f) and 6(g) of this Agreement for which the applicable definition is set forth in Section 6(f) of this Agreement), "Good Reason" means the occurrence of any of the following circumstances without the Executive's prior written consent:

(i) a material diminution of the Executive's authorities, duties or responsibilities;

(ii) the relocation of the Executive's principal job location or office that increases the Executive's one-way commute by more than twenty-five (25) miles; or

(iii) a five percent (5%) or greater reduction in the Executive's Base Salary or Target Bonus Opportunity (other than a reduction in compensation that applies to the Executive and all other similarly positioned employees).

In order to terminate the Executive's employment for Good Reason, the Executive must comply with the Good Reason Process (as defined below). For purposes of this Agreement the "Good Reason Process" means (i) the Executive reasonably determines in good faith that a "Good Reason" condition has occurred, as may be applicable; (ii) the Executive notifies the Company in writing of the first occurrence of the Good Reason condition within ninety (90) days of the first occurrence of such condition; (iii) the Executive cooperates in good faith with the Company's efforts, for a period of thirty (30) days following such notice (the "Good Reason Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) the Executive terminates the Executive's employment within ninety (90) days after the end of the Good Reason Cure Period. If the Company substantially cures the Good Reason condition during the Good Reason Cure Period, Good Reason shall be deemed not to have occurred

(e) Termination by Executive without Good Reason. During the Term, the Executive may resign the Executive's employment without Good Reason upon ninety (90) days' prior written notice. Upon such a termination of employment, the Executive shall be entitled to only those benefits described in clauses (i) and (ii) of Section 6(a) of this Agreement.

(f) Termination by the Company without Cause or by the Executive for Good Reason within 24 Months after a Change in Control. Notwithstanding anything herein to the contrary, if, during the Term, the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason, in each case, within twenty-four (24) months after a Change in Control, the Executive shall be entitled to:

(i) the benefits described in clauses (i), (ii), (iii), (iv) and (vi) of Section 6(c) of this Agreement; provided that for purposes of applying clause (iii) of Section 6(c) of this Agreement, "Severance Period" shall be a period of twenty-four (24) months following the date of such termination of employment and the Base Salary continuation shall be at the higher of the Base Salary as in effect immediately prior to the Change in Control and the Base Salary as in effect immediately prior to such termination; provided, further, that for purposes of applying clause (iv) of Section 6(c) of this Agreement, "Severance Period" shall be a period of thirty-six (36) months following the date of such termination of employment;

(ii) a lump sum cash severance payment equal to one (1) times the higher of (x) the Base Salary as in effect immediately prior to the Change in Control or (y) the Base Salary as in effect immediately prior to such termination of employment;

(iii) a lump sum cash payment equal to three (3) times the Executive's Target Bonus Opportunity; and

(iv) immediate vesting on such termination date of 100% of the Executive's unvested Company option shares, restricted stock, restricted stock units, other equity-based awards and other long-term incentive awards, including cash-settled components; provided that each such equity award shall be exercisable in accordance with the provisions of the award agreement and plan pursuant to which such equity award was granted, including, in the case of stock options, the plan or award agreement provisions regarding any post-termination period of exercisability; provided, further, that notwithstanding the provisions of such award agreement and plan, any restricted stock units, performance stock units, long-term incentive cash awards and other similar awards shall be settled within ten (10) days after the date of such termination of employment and any payment in respect of open periods of performance-based awards shall be calculated as set forth in such award agreement, or, if not specified in the award agreement, based on target performance.

The Executive's right to receive the payments and benefits set forth in clauses (i), (ii), (iii) and (iv) of this Section 6(f) (other than clauses (i) and (ii) of Section 6(c) of this Agreement) shall be conditioned on the Executive's continued compliance with Sections 8 and 9 hereof and signing, delivering to the Company and not subsequently revoking the Release, such that such Release is effective and irrevocable within sixty (60) days after the date of such termination of employment. The payments and benefits under clauses (i), (ii), (iii) and (iv) of this Section 6(f) (other than clauses (i) and (ii) of Section 6(c) of this Agreement) shall not be made or commence, as applicable, until the first payroll date following the effective date of the Release (or if earlier, the date that is seventy-four (74) days following such termination of employment) and the first payment under clause (i) of this Section 6(f) (other than clauses (i) and (ii) of Section 6(c) of this Agreement) shall include any catch-up payments covering any payroll dates between the date of such termination of employment and the date of the first payment; provided, however, that if any of the payments or benefits under clauses (i), (ii), (iii) or (iv) of this Section 6(f) (other than clauses (i) and (ii) of Section 6(c) of this Agreement) could be made or commence in more than one calendar year based on when the Executive executes the Release (regardless of when the Executive actually executes the Release), then to the extent required by Code Section 409A, any such payments or benefits that otherwise would have been paid in such first calendar year shall not be made or commence, as applicable, until the Company's first payroll date in such second calendar year (with the first payment to include a catch-up to cover any payments that would have been made between the date of such termination and such first payroll date had no such delay occurred).

For purposes of this Section 6(f) and Section 6(g) of this Agreement, "Good Reason" shall mean that the Executive complied with the Good Reason Process following the occurrence of any of the following events: (i) a material diminution of the Executive's authorities, duties or responsibilities; (ii) a material diminution in the authority, duties, responsibilities or status of the supervisor to whom the Executive is required to report, including a requirement that the Executive report to a corporate officer or other employee instead of reporting directly to the Board; (iii) a material diminution (which shall be a decrease in

excess of five percent (5%)) in the Executive's Base Salary or Target Bonus Opportunity, in each case, other than in connection with a general decrease in base salaries or target bonus opportunities, as applicable, for most officers of the successor corporation, provided, however, that any decrease in Base Salary and/or Target Bonus Opportunity greater than five percent (5%) shall provide grounds for "Good Reason" regardless of whether a general decrease in base salaries and/or target bonus opportunities occurs for most officers of the successor corporation; (iv) the relocation of the Executive's principal job location or office that increases the Executive's one-way commute by more than twenty five (25) miles; or (v) failure of the successor corporation to assume the obligations under this Agreement.

For purposes of this Agreement, "Change in Control" means (i) after the Effective Date (and not including the initial public offering of Parent, which shall not be treated as a Change in Control for purposes of this Agreement), any of the following events: (A) a "person" (as such term in used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of Parent or a corporation owned, directly or indirectly, by the stockholders of Parent in substantially the same proportions as their ownership of stock of Parent, is or becomes the "beneficial owner" (as defined in Rule 13D-3 under the 1934 Act), directly or indirectly, of securities of Parent representing more than fifty percent (50%) of the combined voting power of Parent's then outstanding securities; (B) Parent merges or consolidates with any other corporation, other than in a merger or consolidation that would result in the voting securities of Parent outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of Parent or such surviving entity outstanding immediately after such merger or consolidation; or (C) the complete liquidation of Parent or the sale or other disposition of all or substantially all of Parent's assets (other than a transfer of Parent's assets to a majority-owned subsidiary of Parent or any other entity the majority of whose voting power is held by the shareholders of Parent in approximately the same proportion as before such transaction) and (ii) the Closing (as defined in that certain Agreement and Plan of Merger, dated as of March 16, 2020, by and among the Company and other signatories thereto); provided that in no event shall any such event described in clause (i) or clause (ii) constitute a Change in Control unless such event is also a "change in control event" as defined in Section 40'9A of the Code.

(g) Termination by the Company without Cause or by the Executive for Good Reason during 90 days prior to a Change in Control. Notwithstanding anything herein to the contrary, if, during the Term, the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason, in each case, during the ninety (90) day period prior to the effective date of a Change in Control, the Executive shall be entitled to, in addition to the payments and benefits set forth in Section 6(c) of this Agreement and subject to the same terms and conditions on which such payments and benefits are conditioned:

(i) an additional six (6) months of continued Base Salary, commencing when the continued Base Salary under clause (iii) of Section 6(c) of this Agreement ends;

(ii) an additional eighteen (18) months of benefits under clause (iv) of Section 6(c) of this Agreement, commencing when the benefits under clause (iv) of Section 6(c) of this Agreement end;

(iii) the payments described in clauses (ii) and (iii) of Section 6(f) of this Agreement; provided, however, that such payments shall be paid on the effective date of such Change in Control; and

(iv) a lump sum cash payment on the date of such Change in Control equal to the value of the Executive's unvested option shares, restricted stock, restricted stock units, other equity-based awards and other long-term incentive awards, including cash-settled components, that were forfeited as the result of such termination of employment (as determined in good faith by the Board based on the per share value of the Company implied by such Change in Control and for any option or similar award, based on the spread of such option or similar award (not a Black Scholes or similar value), with the value of open periods of performance-based awards being calculated as set forth in the applicable award agreement, or, if not specified in the award agreement, based on target performance), which payment shall be paid on the effective date of such Change in Control. For purposes of this Section 6(g), "Good Reason" and "Change in Control" shall have the meanings set forth in Section 6(f) of this Agreement.

(h) Any severance or termination pay granted in this Section 6 will be the sole and exclusive remedy, compensation or benefit due to the Executive or the Executive's estate upon any termination of the Executive's employment (without limiting the Executive's rights under any disability, life insurance or deferred compensation arrangement in which the Executive participates at the time of such termination of employment).

7. Certain Company Remedies. The Executive acknowledges that the Executive's promised services and covenants, including without limitation the covenants in Sections 8 and 9 hereof, are of a special and unique character, which give them peculiar value, the loss of which cannot be reasonably or adequately compensated for in an action at law, and that, in the event there is a breach hereof by the Executive, the Company will suffer irreparable harm, the amount of which will be impossible to ascertain. Accordingly, the Company shall be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction, either at law or in equity, to obtain damages for any breach of this Agreement, or to enjoin the Executive from committing any act in breach of this Agreement. The remedies granted to the Company in this Agreement are cumulative and are in addition to remedies otherwise available to the Company at law or in equity. If the Executive violates any of the restrictions contained in this Agreement, the restrictive period shall not run in favor of the Executive from the time of commencement of any such violation until such time as such violation shall be cured by the Executive to the satisfaction of the Company.

8. Restrictive Covenants.

(a) Confidentiality. During the Term and at all times thereafter, the Executive shall, and shall cause the Executive's affiliates and representatives to keep confidential and

not disclose to any other person or entity or use for the Executive's own benefit or the benefit of any other person or entity any confidential proprietary information, technology, know-how, trade secrets (including all results of research and development), product formulas, industrial designs, franchises, inventions or other intellectual property regarding any member of the Company Group or any of their respective businesses or operations ("Confidential Information") in the Executive's possession or control. The obligations of the Executive under this Section 8(a) shall not apply to Confidential Information which (i) is or becomes generally available to the public without breach of the commitment provided for in this Section 8(a); (ii) is required to be disclosed by law, order or governmental authority; (iii) information that is independently developed by the Executive after termination of all employment with the Company Group and its affiliates, without the use of or reliance on any Confidential Information and (iv) information which becomes known to the Executive after termination of all employment with the Company Group and its affiliates, on a non-confidential basis from a third-party source if such source was not subject to any confidentiality obligation; provided, however, that, in case of clause (ii), the Executive shall notify the Company as early as reasonably practicable prior to disclosure to allow the Company or its affiliates to take appropriate measures to preserve the confidentiality of such Confidential Information. During the Term and at all times thereafter, the Executive shall, and shall cause the Executive's affiliates and the Executive's representatives to, keep confidential and not disclose to any other person or entity any of the terms of this Agreement, except as required by applicable law, in connection with the enforcement by the Executive of the Executive's rights hereunder. Nothing in this Section 8(a) or in this Agreement prohibits the Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation. Further, in accordance with the Defend Trade Secrets Act of 2016, (I) the Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (II) if the Executive files a lawsuit for retaliation by any member of the Company Group for reporting a suspected violation of law, the Executive may disclose a trade secret to his attorney and use the trade secret information in the court proceeding, if the Executive files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

(b) Non-Competition: Non-Solicitation.

(i) During the period beginning on the Effective Date and ending twelve (12) months following the date on which the Executive's employment with the Company terminates for any reason and regardless of whether such termination is initiated by the Executive or by the Company (the "Non-Compete Period"), the Executive covenants and agrees not to, directly or indirectly anywhere in the world, conduct, manage, operate, engage in or have an ownership interest in any business or enterprise that (A) uses any trademarks, tradenames or slogans similar to those of any member of the Company Group or any of their respective affiliates; or (B) is engaged in any other activities that are otherwise directly competitive with the business of any member of the Company Group or

any of their respective affiliates as conducted or proposed to be conducted as of the termination date (collectively, the "Business"). Notwithstanding anything herein to the contrary, if the Executive's employment with the Company is terminated by the Company without Cause or by the Executive for Good Reason, in each case, within twenty-four (24) months following a Change in Control, the Non-Compete Period shall be a period of twenty four (24) months. Notwithstanding the foregoing, nothing herein shall preclude the Executive from performing any duties as a stockholder, director, employee, consultant or agent of any member of the Company Group or any of their respective affiliates or owning, directly or indirectly, in the aggregate less than five percent (5%) of any business competitive with any member of the Company Group or any of their respective affiliates that is subject to the reporting obligations of the 1934 Act.

(ii) During the Non-Compete Period, the Executive shall not, directly or indirectly, call-on, solicit or induce any customer or other business relationship of any member of the Company Group or any of their respective affiliates for the provision of products or services related to the business of the Company or in any other manner that would otherwise interfere with the business relationship between any member of the Company Group or any of their respective affiliates and their respective customers and other business relationships.

(iii) During the Non-Compete Period, the Executive shall not, directly or indirectly, call-on, solicit or induce, any employee of any member of the Company Group or any of their respective affiliates to leave the employ of, or terminate its relationship with, any member of the Company Group or any of their respective affiliates for any reason whatsoever, nor shall the Executive offer or provide employment (whether such employment is for the Executive or any other business or enterprise), either on a full-time, part-time or consulting basis, to any person who then currently is, or within six (6) months immediately prior thereto was, an employee or independent contractor of any member of the Company Group; provided, however, the foregoing shall not prohibit a general solicitation to the public through general advertising or similar methods of solicitation not specifically directed at employees of any member of the Company Group.

(iv) The Executive acknowledges and agrees that the provisions of this Section 8 are reasonable and necessary to protect the legitimate business interests of the members of the Company Group and their respective affiliates. The Executive shall not contest that the Company's and the Company's affiliates' remedies at law for any breach or threat of breach by the Executive or any of the Executive's affiliates of the provisions of this Section 8 will be inadequate, and that the Company and its affiliates shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Section 8 and to enforce specifically such terms and provisions, in addition to any other remedy to which the Company or its affiliates may be entitled at law or equity. The restrictive covenants contained in this Section 8 are covenants independent of any other provision of this Agreement or any other agreement between the parties hereunder and the existence of any claim which the Executive may allege against the Company under any other provision of this Agreement or any other agreement will not prevent the enforcement of these covenants.

(v) The Executive expressly acknowledges that the covenants contained in this Section 8(b) are a material part of the consideration bargained for by the Company

and, without the agreement of the Executive to be bound by such covenants, the Company would not have agreed to enter into this Agreement.

(vi) If any of the provisions contained in this Section 8(b) shall for any reason be held to be excessively broad as to duration, scope, activity or subject, then such provision shall be construed by limiting and reducing it, so as to be valid and enforceable to the maximum extent compatible with the applicable law or the determination by a court of competent jurisdiction.

9. Intellectual Property; Company Property.

(a) Inventions Retained and Licensed. The Executive has attached hereto, as Exhibit B, a list describing any inventions, original works of authorship, developments, improvements, and trade secrets which were made by the Executive prior to the Effective Date (collectively referred to as "Prior Inventions") which belong to the Executive, which relate to the Company Group's products or research and developments and which are not assigned to the Company hereunder; or, if no such Prior Inventions are listed, the Executive represents that there are no such Prior Inventions. The Executive agrees that the Executive will not incorporate, or permit to be incorporated, any Prior Invention owned by the Executive or in which the Executive has an interest into a Company Group product, process or machine without the Company's prior written consent. Notwithstanding the foregoing sentence, if, in the course of the Executive's employment with the Company, the Executive incorporates into a Company Group product, process or machine a Prior Invention owned by the Executive or in which the Executive has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) Assignment of Inventions. The Executive agrees that the Executive will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and does hereby assign to the Company, or its designee, all right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or capable of registration under copyright or similar laws, which the Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the time the Executive is in the employ of the Company (collectively referred to as "Inventions") except as provided in Section 9(e) of this Agreement. The Executive further acknowledges that all original works of authorship which are made by the Executive (solely or jointly with others) within the scope of and during the period of the Executive's employment with the Company and which are protectable by copyright are "works made for hire" as that term is defined in the United States Copyright Act. The Executive understands and agrees that the decision whether or not to commercialize or market any Invention developed by the Executive solely or jointly with others is within the Company's sole discretion and for the Company Group's sole benefit and that no royalty will be due to the Executive as a result of the Company Group's efforts to commercialize or market any such Invention.

(c) Maintenance of Records. The Executive agrees to keep and maintain adequate and current written records of all Inventions made by the Executive (solely or jointly with others) during the Term. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

(d) Patent and Copyright Registrations. The Executive agrees to assist the Company Group, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including, but not limited to, the disclosure to the Company Group of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company Group shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. The Executive further agrees that the Executive's obligation to execute or cause to be executed, when it is in the Executive's power to do so, any such instrument or papers shall continue after the termination of the Term. If the Company is unable because of the Executive's mental or physical incapacity or for any other reason to secure the Executive's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Company as above, then the Executive hereby irrevocably designates and appoints the

Company and its duly authorized officers and agents as the Executive's agent and attorney in fact, to act for and on the Executive's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by the Executive.

(e) Exception to Assignments. The Executive understands that the provisions of this Agreement requiring assignment of Inventions to the Company shall not apply to any Invention that the Executive has developed entirely on the Executive's own time without using the equipment, supplies, facilities, trade secret information or Confidential Information, in each case, of any member of the Company Group, except for those Inventions that either (i) relate at the time of conception or reduction to practice of the Invention to the business of any member of the Company Group, or actual or demonstrably anticipated research or development of any member of the Company Group or (ii) result from any work that the Executive performed for any member of the Company Group. The Executive will advise the Company promptly in writing of any Inventions that the Executive believes meet the foregoing criteria and not otherwise disclosed on Exhibit B.

(f) Upon the termination of the Executive's employment for any reason, the Executive shall deliver to the Company all memoranda, books, papers, letters, and other data, and all copies of the same, which were made by the Executive or otherwise came into the Executive's possession or under the Executive's control at any time prior to the termination of this Agreement, and which in any way relate to the business of any member

of the Company Group as conducted or as planned to be conducted on the date of the termination.

10. Survival of Representations. The provisions of Sections 7, 8 and 9 of this Agreement shall survive the termination, for any reason, of the Executive's employment with the Company or of this Agreement.

11. Key Person Insurance. If the Company wishes to purchase a life insurance policy on the Executive or other insurance policy relating to the loss of the Executive's services, the Executive agrees to submit to a customary insurance medical examination, if necessary, and otherwise cooperate with the Company in any reasonable manner with respect to obtaining any such insurance policy.

12. Miscellaneous.

(a) The Executive is party to that certain Employment Agreement, dated as of October 23, 2019, by and between the Executive and the Company (the "Prior Agreement"). The Executive and the Company hereby mutually terminate the Prior Agreement, effective as of the execution of this Agreement.

(b) The Executive shall not be required to mitigate the amount of any payment contemplated by this Agreement (whether by seeking new employment or in any other manner), nor shall any such payment be reduced by any earnings that the Executive may receive from any other source.

(c) Neither the failure, nor any delay, on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same, or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

(d) This Agreement and all questions relating to its validity, interpretation, performance and enforcement (including, without limitation, provisions concerning limitations of actions), shall be governed by and construed in accordance with the laws of the State of Delaware (notwithstanding any conflict-of-laws doctrines of such state or other jurisdiction to the contrary), and without the aid of any canon, custom or rule of law requiring construction against the draftsman.

(e) All claims, demands, causes of action, disputes, controversies or other matters in question ("Claims") arising out of this Agreement or the Executive's service (or termination from service) with any member of the Company Group, whether arising in contract, tort or otherwise and whether provided by statute, equity or common law, that any member of the Company Group may have against the Executive or that the Executive may have against any member of the Company Group, or any of their respective parents or subsidiaries, or against each of the foregoing entities' respective officers, directors,

employees or agents in their capacity as such or otherwise, shall be settled in accordance with the procedures described in Section 12(e)(i) and (ii) of this Agreement. Claims covered by this Section 12(e) include, without limitation, claims by the Executive for breach of this Agreement, wrongful termination, discrimination (based on age, race, sex, disability, national origin, sexual orientation, or any other factor), harassment and retaliation.

(i) First, the parties shall attempt in good faith to resolve any Claims promptly by negotiations between the Executive and executives or directors of the members of the Company Group (or, following the occurrence of a Change in Control, any person or committee selected by the Board prior to the Change in Control (referred to as the "Independent Decision Maker"), who shall act on behalf of the members of the Company Group), who shall have authority to settle the Claims. Either party may give the other disputing party written notice of any Claim not resolved in the normal course of business. Within five (5) days after the effective date of that notice, the Executive and such executives or directors of the Company, or, following the occurrence of a Change in Control, the Independent Decision Maker, shall agree upon a mutually acceptable time and place to meet and shall meet at that time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the Claim. The first of those meetings shall take place within thirty (30) days of the date of the disputing party's notice. Ifthe Claim has not been resolved within sixty (60) days of the date of the disputing party's notice, or if the parties fail to agree on a time and place for an initial meeting within five (5) days of that notice, either party may elect to undertake arbitration in accordance with Section 12(e)(ii) of this Agreement.

(ii) If a Claim is not resolved by negotiation pursuant to Section 12(e)(i) of this Agreement, such Claim must be resolved through arbitration regardless of whether the Claim involves claims that the Agreement is unlawful, unenforceable, void, or voidable or involves claims under statutory, civil or common law. Any arbitration shall be conducted in accordance with the then-current International Arbitration Rules of the American Arbitration Association ("AAA"). If a party refuses to honor its obligations under this Section 12(e)(ii), the other party may compel arbitration in any federal or state court of competent jurisdiction. The arbitrator shall apply the substantive law of Delaware (excluding choice-of-law principles that might call for the application of some other jurisdiction's law) or federal law as applied by the United States Court of Appeals for the Third Circuit, or both as applicable to the Claims asserted. The arbitration shall be conducted by a single arbitrator selected by the parties according to the rules of AAA. In the event that the parties fail to agree on the selection of the arbitrator within thirty (30) days after either party's request for arbitration, the arbitrator will be chosen by AAA. The arbitration proceeding shall commence on a mutually agreeable date within ninety (90) days after the request for arbitration, unless otherwise agreed by the parties. The arbitrator shall have exclusive authority to resolve any dispute relating to the interpretation, applicability or enforceability or formation of this Agreement (including this Section 12(e)), including any claim that all or part of this Agreement is void or voidable and any Claim that an issue is not subject to arbitration. The results of arbitration will be binding and conclusive on the parties hereto. Any arbitrator's award or finding or any judgment or verdict thereon will be final and unappealable. The seat of arbitration shall be in Philadelphia, Pennsylvania, and unless agreed otherwise by the parties, all hearings shall take place at the seat. Any and all

of the arbitrator's orders, decisions and awards may be enforceable in, and judgment upon any award rendered by the arbitrator may be confirmed and entered by any federal or state court having jurisdiction. All evidentiary privileges under applicable state and federal law, including attorney-client, work product and party communication privileges, shall be preserved and protected. The decision of the arbitrator will be binding on all parties. Arbitrations will be conducted in such a manner that the final decision of the arbitrator will be made and provided to the Executive and the Company no later than one-hundred twenty (120) days after a matter is submitted to arbitration. All proceedings conducted pursuant to this agreement to arbitrate, including any order, decision or award of the arbitrators, shall be kept confidential by all parties (unless disclosure is required by law, court order or is made by the Company in the course of conducting its business, or unless (and then only to the extent) such arbitration is made public through the enforcement of any arbitration award in a court of law). Each party shall pay its own attorneys' fees and disbursements and other costs of arbitration and the parties to the arbitration shall split all of the arbitrator's fees equally; provided, however, that following the occurrence of a Change in Control described in clause (i) of the definition thereof, the Company will bear the forum fees required by AAA and any other administrative fees associated with the arbitration and shall advance to the Executive the fees and expenses (including legal fees) in connection with any arbitration proceeding provided that the Executive shall be obligated to repay all such amounts in the event the Executive does not prevail in such proceeding. THE EXECUTIVE ACKNOWLEDGES THAT, BY SIGNING THIS AGREEMENT, THE EXECUTIVE IS WAIVING ANY RIGHT THAT THE EXECUTIVE MAY HAVE TO A JURY TRIAL OR A COURT TRIAL OF ANY SERVICE RELATED CLAIM ALLEGED BY THE EXECUTIVE.

(f) This Agreement is intended to comply with Code Section 409A, and the parties hereto agree to interpret this Agreement in the least restrictive manner necessary to comply therewith and without resulting in any increase in the amounts owed hereunder by the Company. If the Executive's termination of employment hereunder does not constitute a "separation from service" within the meaning of Code Section 409A, then any amounts payable hereunder on account of a termination of the Executive's employment and which are subject to Code Section 409A shall not be paid until the Executive has experienced a "separation from service" within the meaning of Code Section 409A. If, and only if, the Executive is a "specified employee" (as defined in Code Section 409A) and a payment or benefit provided for in this Agreement would be subject to additional tax under Code Section 409A if such payment or benefit is paid within six (6) months after the Executive's separation from service, then such payment or benefit shall not be paid (or commence) during the six (6)-month period immediately following the Executive's separation from service except as provided in the immediately following sentence. In such an event, any payment or benefits that otherwise would have been made or provided during such six-month period and that would have incurred such additional tax under Code Section 409A shall instead be paid to the Executive in a lump-sum payment on the first day following the termination of such six (6)-month period or, if earlier, within ten (10) days following the date of the Executive's death (but not earlier than such payment would have been made absent such death). No reimbursement or in-kind benefit shall be subject to liquidation or exchange for another benefit and the amount available for reimbursement, or in-kind benefits provided, during any calendar year shall not affect the amount available for reimbursement, or in-kind benefits to be provided, in a subsequent calendar year. Any

reimbursement to which the Executive is entitled hereunder shall be made no later than the last day of the calendar year immediately following the calendar year in which such expenses were incurred. Each payment hereunder shall be treated as a separate payment in a series of separate payments pursuant to Treasury Regulation Section 1.409A-2(b)(2)(iii).

(g) All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by courier service such as Federal Express, or by other messenger), when sent by facsimile transmission (with electronic confirmation ofreceipt) or three
(3) days after deposit in the United States mails, registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Executive: the Executive's home address on record with the Company. If to the Company:

Zyla Life Sciences
600 Lee Road
Suite 100
Wayne, PA 19087
Attention: General Counsel

Any party may alter the addresses to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this paragraph for the giving of notice.

(h) The rights and obligations of both parties under this Agreement shall inure to the benefit of and shall be binding upon their heirs, successors and assigns, but shall not be assigned without the written consent of both parties; provided, however, that the Company may make such an assignment in connection with a sale of substantially all of the assets or other change of control of the Company and may make such an assignment to the entity that actually employs the Executive should the Executive's employment transfer to an affiliate of the Company.

(i) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

(j) The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other provision or provisions may be invalid or unenforceable in whole or in part.

(k) This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, between the parties hereto regarding the subject matter hereof (including without limitation the Prior Agreement). The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by the Executive and the Company.

(l) The section headings in this Agreement are for convenience only, form no part of this Agreement and shall not affect its interpretation.

(m) Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the dates set forth below.

By: /s/ Daniel A. Peisert
Name: Daniel A. Peisert
Title: SVP & CFO
Date: June 17, 2020

EXECUTIVE
/s/ Todd N. Smith
Todd N. Smith
Date: June 10, 2020

[Signature Page to Employment Agreement]

EXHIBIT A RELEASE OF CLAIMS

This RELEASE OF CLAIMS (this "Release") is given on this day of__. 20_ by Todd N. Smith (the "Executive").

WHEREAS, the Executive's employment with Zyla Life Sciences, a Delaware corporation, (the "Company"), has terminated; and

WHEREAS, pursuant to [Section 6(c)][Section 6(d)][Section 6(t)][Section 6(g)] of the Employment Agreement by and between the Company and the Executive dated as of [ ], 2020 (the "Employment Agreement"), the Company has agreed to pay the Executive certain amounts and to provide certain benefits, subject to the Executive's execution, delivery and non revocation of this Release. All terms used but not defined herein shall have the meanings ascribed to such terms in the Employment Agreement.

NOW THEREFORE, in consideration of these premises and the mutual promises contained herein, and intending to be legally bound hereby, the Executive agrees as follows:

1. Consideration. The Executive acknowledges that: (i) the payments and benefits set forth in [Section 6(c)][Section 6(d) (incorporating by reference the payments and benefits set forth in [Section (c)][Section (t)][Section 6(g)])][Section 6(t)] [Section 6(g)] of the Employment Agreement constitute full settlement of all the Executive's rights under the Employment Agreement, (ii) the Executive has no entitlement under any other severance or similar arrangement maintained by the Company or any of its affiliates, and (iii) except as otherwise provided specifically in this Release, the Company does not and will not have any other liability or obligation to the Executive by reason of the cessation of the Executive's employment. The Executive further acknowledges that, in the absence of the Executive's execution of this Release, the payments and benefits specified in [Section 6(c)(iii), (iv), (v) and (vi)][Section 6(t)(i), (ii), (iii) and (iv) (other than clauses (i) and (ii) of Section 6(c))][Section 6(g) (other than clauses (i) and (ii) of Section 6(c))] of the Employment Agreement would not otherwise be due to the Executive.

2. Executive's Release. The Executive on the Executive's own behalf and together with the Executive's heirs, assigns, executors, agents and representatives hereby generally releases and discharges the Company, and its predecessors, successors (by merger or otherwise), parents, subsidiaries, affiliates and assigns, together with each and every of their present, past and future officers, managers, directors, shareholders, members, general partners, limited partners, employees and agents and the heirs and executors of same, and all other persons or entities who/that might be claimed to be jointly or severally liable with any of the persons or entities named previously (herein collectively referred to as the "Releasees") from any and all suits, causes of action, complaints, obligations, demands, common law or statutory claims of any kind, whether in law or in equity, direct or indirect, known or unknown

(hereinafter "Claims"), which the Executive ever had, now has or may have against the Releasees, or any one of them arising at any time up to and including the date of the this Release. This Release specifically includes, but is not limited to:

(a) any and all Claims arising out of or relating to the Executive's employment with the Company or the termination thereof;

(b) any and all Claims for wages and benefits including, without limitation, salary, stock options, stock, royalties, license fees, health and welfare benefits, severance pay, vacation pay, and bonuses;

(c) any and all Claims for wrongful discharge, breach of contract, whether express or implied, and Claims for breach of implied covenants of good faith and fair dealing;

(d) any and all Claims for alleged employment discrimination on the basis of race, color, religion, sex, age, national origin, veteran status, disability, handicap or any other protected characteristic, or retaliation in violation of any federal, state or local statute, ordinance, judicial precedent or executive order, including but not limited to claims for discrimination or retaliation under the following statutes: Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e et seq.; the Civil Rights Act of 1866, 42 U.S.C. §1981; the Civil Rights Act of 1991; the Age Discrimination in Employment Act, as amended, 29 U.S.C. §621 et seq.; the Older Workers Benefit Protection Act 29 U.S.C. §§ 623, 626 and 630; the Rehabilitation Act of 1972, as amended, 29 U.S.C. §701 et seq.; the Americans with Disabilities Act, 42 U.S.C. §12101 et seq.; the Family and Medical Leave Act of 1993, 29 U.S.C. §2601, et seq.; the Fair Labor Standards Act, as amended, 29 U.S.C. §201, et seq.; the Fair Credit Reporting Act, as amended, 15 U.S.C. §1681, et seq.; and the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §1000, et seq., or any comparable state statute or local ordinance;

(e) any and all Claims under any federal or state statute relating to employee benefits or pensions;

(f) any and all Claims in tort, including but not limited to, any Claims for assault, battery, misrepresentation, defamation, interference with contract or prospective economic advantage, intentional or negligent infliction of emotional distress, duress, loss of consortium, invasion of privacy and negligence; and

(g) any and all Claims for attorneys' fees and costs.

The Executive expressly represents that the Executive has not filed a lawsuit or initiated any other administrative proceeding against any Releasee. The Executive further promises not to initiate a lawsuit or to bring any other Claim against any Releasee asserting a Claim that is released by this Release. If the Executive does so, and the action is found to be barred in whole or in part by this Release, the Executive agrees to pay the attorneys' fees and

costs, or the proportions thereof, incurred by the applicable Releasee in defending against those Claims that are found to be barred by this Release. This Release will not prevent the Executive from filing a charge with the Equal Employment Opportunity Commission (or similar state agency) or participating in any investigation conducted by the Equal Employment Opportunity Commission (or similar state agency); provided, however, that any claims by the Executive for personal relief in connection with such a charge or investigation (such as reinstatement or monetary damages) would be barred. Furthermore, nothing in this Release precludes the Executive from challenging the validity of this Release under the requirements of the Age Discrimination in Employment Act, and the Executive shall not be responsible for reimbursing the attorneys' fees and costs of the Releasees in connection with such a challenge to the validity of the Release. The Executive acknowledges, however, that the Release applies to all Claims that the Executive has under the Age Discrimination in Employment Act, and that, unless the Release is held to be invalid, all of the Executive's Claims under the Age Discrimination in Employment Act shall be extinguished by execution of this Release.

3. Acknowledgment. The Executive understands that the release of Claims contained in this Release extends to all of the aforementioned Claims and potential Claims which arose on or before the date that the Executive signs this Release, whether now known or unknown, suspected or unsuspected, and that this constitutes an essential term of this Release. The Executive further understands and acknowledges the significance and consequences of this Release and of each specific release and waiver, and expressly consents that this Release shall be given full force and effect to each and all of its express terms and provisions, including those relating to unknown and uncompensated Claims, if any, as well as those relating to any other Claims specified herein. The Executive hereby waives any right or Claim that the Executive may have to employment, reinstatement or re-employment with the Company.

4. Remedies. All remedies at law or in equity shall be available to the Releasees for the enforcement of this Release. This Release may be pleaded as a full bar to the enforcement of any Claim released by this Release that the Executive may assert against the Releasees.

5. No Admission of Liability. This Release is not to be construed as an admission of any violation of any federal, state or local statute, ordinance or regulation or of any duty owed by the Company to the Executive. The Executive acknowledges that the Company specifically denies any such violations.

6. Severability. If any term or provision of this Release shall be held to be invalid or unenforceable for any reason, then such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remaining terms or provisions hereof, and such term or provision shall be deemed modified to the extent necessary to make it enforceable.

7. Advice of Counsel; Revocation Period. The Executive is hereby advised to seek the advice of counsel prior to signing this Release. The Executive hereby acknowledges

that the Executive is acting of the Executive's own free will, that the Executive has been afforded a reasonable time to read and review the terms of this Release, and that the Executive is voluntarily executing this Release with full knowledge of its provisions and effects. The Executive further acknowledges that the Executive has been given at least [TWENTY-ONE (2l)] [FORTY-FIVE (45)) days within which to consider this Release and that the Executive has SEVEN (7) days following the Executive's execution of this Release to revoke the Executive's acceptance, with this Release not becoming effective until the seven (7)-day revocation period has expired. Ifthe Executive elects to revoke the Executive's acceptance of this Release, this Release shall not become effective and the Executive must provide written notice of such revocation by certified mail (postmarked no later than seven days after the date the Executive accepted this Release) to:

Zyla Life Sciences
600 Lee Road
Suite 100
Wayne, PA 19087
Attention: General Counsel

8. Representations and Warranties. The Executive represents and warrants that the Executive has not assigned any claim that the Executive purports to release hereunder and that the Executive has the full power and authority to enter into this Release and bind each of the persons and entities that the Executive purports to bind. The Executive further represents and warrants that the Executive is bound by, and agrees to be bound by, the Executive's post-employment obligations set forth in any restrictive covenant agreement with the Company.

9. Governing Law. This Agreement shall be governed by the laws of the State of Delaware without regard to the conflict of law principles of any jurisdiction. Any claims, demands, causes of action, disputes, controversies or other matters in question arising out of or relating to this Release shall be determined in accordance with Section 12(e) of the Employment Agreement.

IN WITNESS WHEREOF, the Executive has executed this Release on the date first above written.

Todd N. Smith

EXHIBIT B

PROPRIETARY/CONFIDENTIALITY SCHEDULES

None.

Execution Version

June 17, 2020

Todd N. Smith

Dear Mr. Smith:

This letter is entered into in connection with your employment agreement (the "Employment Agreement") dated June 17, 2020 and effective as of May 20, 2020 (the "Effective Date") between you and Zyla Life Sciences (the "Company"). Any capitalized terms not defined herein shall have the meanings set forth in the Employment Agreement.

By signing below, you and the Company agree that, notwithstanding anything in the Employment Agreement to the contrary, if your employment is terminated under Section 6(f) of the Employment Agreement within two (2) years after the Effective Date of the Employment Agreement and a Change in Control under clause (i) of the definition thereof has not occurred from the Effective Date of the Employment Agreement to the date of such termination of employment, then you will be entitled to: (a) the payments and benefits described in clause (i) of Section 6(f) of the Employment Agreement, provided that the COBRA premium reimbursements shall be for a period of twenty-four (24) months following the date of such termination of employment, and (b) the benefits described in clause (iv) of Section 6(f) of the Employment Agreement; provided, however, that if within ninety (90) days after such termination of employment a Change in Control under clause (i) of the definition thereof occurs, then in addition to the payments and benefits under the foregoing clauses (a) and (b) herein, you will be entitled to (x) the benefits described in clause (ii) of Section 6(g) of the Employment Agreement, provided that such benefits shall instead be for an additional twelve (12) months and shall commence when the COBRA premium reimbursements under the foregoing clause (a) herein end, and (y) the payments described in clause (iii) of Section 6(g) of the Employment
Agreement. In the event that the Employment Agreement would provide for different severance payments or benefits upon your termination of employment than as described in this letter, the payments and benefits described in this letter (and not the Employment Agreement) shall be provided to you.

Except as otherwise provided herein, the terms of the Employment Agreement shall remain in full force and effect. Sections 12(b), (d), (h) and (i) of the Employment Agreement are incorporated herein by reference and shall apply as if included herein, provided that solely for purposes of this letter, each reference therein to "this Agreement," "its," "hereof," "hereon" and similar terms shall be deemed to refer to this letter and not the Employment Agreement and each reference therein to the "Executive" shall be deemed to refer to "you" or "your," as

applicable. All claims, demands, causes of actions, disputes, controversies or other matters in question arising out of this letter shall be resolved in the same manner as Section 12(e) of the Employment Agreement.

[signature page follows]

Very truly yours,
Zyla Life Sciences

By: /s/ Daniel A. Peisert
Daniel A. Peisert
Title: SVP & CFO

Acknowledged and Agreed:

/s/ Todd N. Smith
Todd N. Smith

Exhibit 10.7

June 22, 2020

Mark Strobeck 328
Midland Ave

Wayne, PA 19087 Dear

Mark,

Assertio through its subsidiary Zyla Life Sciences (the “Company”) is pleased to offer you employment on the following terms:

Position: Your initial title will be Executive Vice President and Chief Operating Officer reporting to Todd Smith, President & CEO. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time, “Other Commitments”) that would interfere with your full-time obligation to the Company or otherwise create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have disclosed in writing to the Company all current or expected future Other Commitments, and you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company. Your principal work location will be at either the Company’s office in Wayne, Pennsylvania or at your current personal residence.

Cash Compensation: The Company will pay you a starting salary at the rate of $18,333.33 per pay period (24 annually) (“The Base Salary”), less standard deductions and payable in accordance with the Company’s standard payroll schedule. The Base Salary will be reviewed at least annually by the Board of Parent (as defined in the Management Continuity Agreement) to determine if any increase is appropriate, and if your Base Salary is increased, then the term “Base Salary” as used in this Offer Letter shall mean the amount of the your Base Salary then in effect at the applicable time. You will be eligible to participate in the Company’s Bonus Plan, pro-rated as of May 20, 2020 for the calendar year 2020 at a target of 50% of your Base Salary, subject to the Company’s Bonus Plan guidelines. You will also be eligible to participate in the Company’s Merit plan, pro-rated as of May 20, 2020 for the calendar year 2020 at a target, subject to the Company’s annual merit guidelines.

Employee Benefits: As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits, currently including such benefits as healthcare insurance, twenty five (25) days of paid vacation, 11 paid holidays and, should you choose to participate, a 401(k)-retirement plan.

Relocation Benefits: You are eligible for relocation benefits per our relocation policy. The relocation benefit is available for use up to twelve (12) months from your expected move date, with an expected move date of no later than twelve (12) months from your hire date. If you voluntarily terminate employment for any reason within the first eighteen (18) months following your first day of employment, you must promptly repay the Company any amounts paid by the Company to you pursuant to this Section.

Management Continuity Agreement: Your offer includes a Management Continuity Agreement, a copy of which is included in your offer packet and email hereto as **Exhibit A**. This Offer Letter is incorporated by reference into the Management Continuity Agreement.

Employment Relationship: Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this letter agreement, together with the Management Continuity Agreement. This, along with the applicable provisions of the Management Continuity Agreement, is the full and complete agreement between you and the Company on this term. Although your job duties, title, reporting relationship, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time (subject to the applicable provisions

of the Management Continuity Agreement), the “at will” nature of your employment may only be changed in an express written agreement signed by you and the President & CEO of Assertio.

Taxes: All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

Interpretation, Amendment and Enforcement: This letter agreement and **Exhibit A** constitute the complete agreement between you and the Company, contain all of the terms of your employment with the Company and supersede any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement or arising out of, related to, or in any way connected with, this letter agreement, your employment with the Company or any other relationship between you and the Company will be governed by Delaware law, excluding laws relating to conflicts or choice of law.

Mark, I am very pleased to extend this offer to you, and, on behalf of all the Assertio employees, I look forward to having you join us. Assertio’s activities focus on developing products to improve patient lives, and your skills and experience will make you an important member of our Company. If you elect to accept this offer, please sign, date and return one copy of this letter to myself at slongoria@assertiotx.com..

This offer, if not accepted, will expire by close of business, Tuesday, June 23, 2020. If you have any questions, please call me at (224) 214-0742.

Very truly yours,

/s/ Sarah Longoria

Sarah Longoria

Vice President, Human Resources

I have read and accept this employment offer:

/s/ Mark Strobeck June 23, 2020

Mark Strobeck Date

Attachment
Exhibit A: Management Continuity Agreement

June 22, 2020 **Exhibit 10.8**

Megan C. Timmins 15
Brookmawr Road

Newtown Square, PA 19073 Dear

Megan:

Assertio through its subsidiary Zyla Life Sciences (the “Company”) is pleased to offer you employment on the following terms:

Position: Your initial title will be Senior Vice President, General Counsel and Secretary reporting to Todd Smith, President & CEO. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time, “Other Commitments”) that would interfere with your full-time obligation to the Company or otherwise create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have disclosed in writing to the Company all current or expected future Other Commitments, and you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company. Your principal work location will be at either the Company’s office in Wayne, Pennsylvania or at your current personal residence.

Cash Compensation: The Company will pay you a starting salary at the rate of $16,041.67 per pay period (24 pay periods annually, for an aggregate of $385,000 annually), less standard deductions and payable in accordance with the Company’s standard payroll schedule. This salary will be subject to adjustment pursuant to the Company’s employee compensation policies in effect from time to time. You will be eligible to participate in the Company’s Bonus Plan, pro-rated as of May 20, 2020 for the calendar year 2020 at a target of 45% of your base salary, subject to the Company’s Bonus Plan guidelines. You will also be eligible to participate in the Company’s Merit plan, pro-rated as of May 20, 2020 for the calendar year 2020 at a target, subject to the Company’s annual merit guidelines.

Employee Benefits: As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits, currently including such benefits as healthcare insurance, twenty three (23) days of paid vacation, 11 paid holidays and, should you choose to participate, a 401(k)-retirement plan.

Management Continuity Agreement: Your offer includes a Management Continuity Agreement, a copy of which is included in your offer packet and email hereto as **Exhibit A**. This Offer Letter is incorporated by reference into the Management Continuity Agreement.

Employment Relationship: Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this letter agreement, together with the Management Continuity Agreement. This, along with the applicable provisions of the Management Continuity Agreement, is the full and complete agreement between you and the Company on this term. Although your job duties, title, reporting relationship, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time (subject to the applicable provisions of the Management Continuity Agreement), the “at will” nature of your employment may only be changed in an express written agreement signed by you and the President & CEO of Assertio.

Taxes: All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

Assignment: The Company may assign its rights under this letter agreement to an affiliate, and an affiliate may assign its rights under this letter agreement to another affiliate of the Company or to the Company. Notwithstanding the foregoing, the Company (or any successor thereto) may not assign its obligations under this letter agreement without your prior written consent, unless such assignment is in connection with the assignment of this letter agreement to the entity that actually employs you.

Interpretation, Amendment and Enforcement: This letter agreement and **Exhibit A** constitute the complete agreement between you and the Company, contain all of the terms of your employment with the Company and supersede any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement or arising out of, related to, or in any way connected with, this letter agreement, your employment with the Company or any other relationship between you and the Company will be governed by Delaware law, excluding laws relating to conflicts or choice of law.

Megan, I am very pleased to extend this offer to you, and, on behalf of all the Assertio employees, I look forward to having you join us. Assertio's activities focus on developing products to improve patient lives, and your skills and experience will make you an important member of our Company. If you elect to accept this offer, please sign, date and return one copy of this letter to myself at slongoria@assertiotx.com.

This offer, if not accepted, will expire by close of business, Tuesday, June 23, 2020 If you have any questions, please call me at (224) 214-0742.

Very truly yours,

/s/ Sarah Longoria

Sarah Longoria

Vice President, Human Resources

I have read and accept this employment offer:

/s/ Megan C. Timmins June 23, 2020
Megan C. Timmins Date

Attachment
Exhibit A: Management Continuity Agreement

ZYLA LIFE SCIENCES

[FORM OF MANAGEMENT CONTINUITY AGREEMENT]

This Management Continuity Agreement (the "Agreement") is effective as of June 23, 2020 (the "Effective Date") by and between _____ ("Employee") and Zyla Life Sciences, a Delaware corporation (the "Company"). This Agreement is intended to provide Employee with certain benefits described herein upon the occurrence of specific events. This Agreement, together with the offer letter between Employee and the Company, dated as of June 23, 2020 (the "Offer Letter"), supersede any other agreement or understanding pertaining to the subject matter herein, existing as of the Effective Date, between the Company or Assertio Holdings, Inc., a Delaware corporation ("Parent"), on the one hand, and Employee on the other hand (any such agreement so superseded is referred to in this Agreement as the "Prior Agreement").

RECITALS

A. It is expected that the Company may from time to time consider the possibility of realigning its organization.

B. It is further expected that another company may from time to time consider the possibility of acquiring the Company or that a change in control may otherwise occur, with or without the approval of Parent's Board of Directors (the "Board of Directors").

C. The Board of Directors recognizes that such considerations can be a distraction to Employee and can cause Employee to consider alternative employment opportunities.

D. The Board of Directors has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication and objectivity of the Employee, notwithstanding the foregoing factors.

E. The Board of Directors believes it is in the best interests of the Company and its shareholders to retain Employee and provide incentives to Employee to continue in the service of the Company.

F. The Board of Directors further believes that it is imperative to provide Employee with certain benefits upon certain termination of Employee's employment, including in connection with a Change in Control, which benefits are intended to provide Employee with financial security and provide sufficient income and encouragement to Employee to remain with the Company, including and notwithstanding the possibility of a Change in Control.

G. To accomplish the foregoing objectives, the Board of Directors has directed the Company, upon execution of this Agreement by Employee, to agree to the terms provided in this Agreement, which Agreement shall supersede the Prior Agreement.

Now therefore, in consideration of the mutual promises, covenants and agreements contained herein, and in consideration of the employment of Employee by the Company, the parties hereto agree as follows:

1. At-Will Employment; Term.

(a) The Company and Employee acknowledge that Employee's employment is and shall continue to be at-will, as defined under applicable law, and that Employee's employment with the Company may (subject to the notice requirement in the following sentence for Other Involuntary Terminations (as defined in Section 3(g)) during the Term) be terminated by either party at any time for any or no reason. During the Term, the Company shall provide thirty (30) days' prior written notice to Employee prior to effecting an Other Involuntary

Termination; provided, however, that during such notice period, the Board of Directors, in its sole discretion, may relieve Employee of all duties, responsibilities and authority with respect to the Company and may restrict Employee's access to Company property; provided, further, that the Board of Directors' exercise of such discretion shall not constitute Good Reason (as defined in Section 3(g)). If Employee's employment terminates for any reason, Employee shall not be entitled to any payments, benefits, damages, award or compensation other than as provided in this Agreement or otherwise agreed to by the Company. Employee's right to receive the payments and benefits set forth in Sections 2(a) and 2(b) of this Agreement are contingent upon the Employee's continued compliance with the restrictive covenants in Section 4 and execution of a release of claims against the Company, in substantially the form attached hereto as *Appendix A*, within forty-five (45) days following Employee's termination of employment and the expiration of any statutory revocation period and may not be modified in any way except by a written agreement executed by the Employee and an officer of the Company upon direction from the Board of Directors.

(b) The term of this Agreement shall commence on the Effective Date and shall end on the date on which Employee's employment with the Company terminates for any reason (the period of Employee's employment under this Agreement is referred to as the "Term"); provided, however, that Sections 2 through and including 10 of this Agreement shall survive the termination of the Term and Employee's employment with the Company, in each case, in accordance with the terms of such sections.

(c) Employee's position, job location, supervisor, annual base salary, target annual bonus opportunity and annual paid time off are set forth in the Offer Letter, and each are incorporated herein by reference.

2. Termination Benefits.

(a) **Benefits Upon a Change in Control Involuntary Termination**.

(i) Treatment of Equity Awards. In the event that Employee is subject to a Change in Control Involuntary Termination, 100% of Employee's unvested Company option shares, restricted stock, restricted stock units, other equity-based awards and other long-term incentive awards, including cash settled components, shall become immediately vested on such termination date and the risk of forfeiture of 100% of Employee's restricted stock shall lapse on such termination date. Each such award shall be exercisable in accordance with the provisions of the award agreement and plan pursuant to which such equity award was granted, including, in the case of stock options, the plan or award agreement provisions regarding any post-termination period of exercisability. Notwithstanding the provisions of such award agreement and plan, any restricted stock units, performance stock units, long-term incentive cash awards and other similar awards shall be settled within ten (10) days after the date of such termination of employment and any payment in respect of open periods of performance-based awards shall be calculated as set forth in the applicable award agreement, or, if not specified in the award agreement, based on the target level of performance. In the event of a Change in Control Involuntary Termination that occurs prior to the date of the applicable Change in Control, then if any of Employee's unvested Company option shares, restricted stock, restricted stock units, other equity-based awards and other long-term incentive awards, including cash settled components, are forfeited as the result of such termination of employment, Employee shall be entitled to receive a lump sum cash payment equal to the value of all such awards that were forfeited as the result of such termination of employment (as determined in good faith by the Board based on the per share value of the Company implied by such Change in Control and for any option or similar award, based on the spread of such option or similar award (not a Black Scholes or similar value), with the value of performance-based awards that had an open performance period as of such termination of employment being calculated as set forth in the applicable award agreement, or, if not specified in the award agreement, based on the target level of performance) (the "Unvested Equity Value Payment").

(ii) Severance. In the event that Employee is subject to a Change in Control Involuntary Termination, Employee shall be entitled to receive severance benefits as follows: (A) severance payments for twenty-four (24) months after the effective date of the termination (the "CIC Severance Period") at an annual rate equal to the higher of (1) the base salary which Employee was receiving immediately prior to the Change in Control or (2) the base salary which Employee was receiving immediately prior to the Change in Control Involuntary Termination, which payments shall be paid during the CIC Severance Period in accordance with the Company's standard payroll

practices; (B) a lump sum cash payment in an amount equal to (x) one and a half (1.5) times Employee's Target Annual Bonus reduced by (y) six months of Employee's base salary (based on the base salary rate used in clause (A) above) (the "Bonus Payment"); (C) payment by the Company of the full cost of the health insurance benefits provided to Employee and Employee's spouse and dependents, as applicable, immediately prior to the Change in Control pursuant to the terms of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") or other applicable law through the earlier of the end of the eighteen (18) month period following the Change in Control Involuntary Termination date or the date upon which Employee is no longer eligible for such COBRA or other benefits under applicable law; and (D) payment of any earned but unpaid annual bonus for the year immediately preceding the year of termination, to be paid at the time the Company pays bonuses with respect to such year to its executives generally (and in all events between January 1st and March 15th of the calendar year immediately following the calendar year in which such termination of employment occurs). The benefits to be provided under clauses (a)(i) and (a)(ii)(B) of this section shall be paid on the sixtieth (60th) day following Employee's termination of employment; except that if a Change in Control occurs after the applicable Change in Control Involuntary Termination, then the Unvested Equity Value Payment and Bonus Payment shall be payable in a lump sum on the date of such Change in Control. The benefits to be provided under clauses (a)(ii)(A) and (a)(ii)(C) of this section shall be paid on a monthly basis commencing on the sixtieth (60th) day following Employee's termination of employment, or, if earlier, the next payroll cycle following Employee's execution of a release of claims against the Company and the expiration of any statutory waiting period (with a catch-up payment covering any payments that would have been made prior to such first payment had such payments commenced on the date of Employee's termination of employment). In addition, all payments and benefits under Section 2(a)(i) and (ii) (other than the Accrued Benefits) are subject to Employee's continued compliance with the restrictive covenants in Section 4 and release of claims against the Company as set forth in Section 1(a). Notwithstanding the foregoing, in the event the Board of Directors concludes in its reasonable judgment that the provision of subsidized COBRA benefits to Employee is likely to cause the Company to become subject to excise tax as a result of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "Healthcare Reform Act"), the Company shall pay Employee a monthly amount in cash equal to the amount of the COBRA subsidy during the period the Company is obligated to provide subsidized COBRA benefits to Employee. In addition, Employee shall receive payment(s) for all salary, bonuses and unpaid vacation accrued as of the date of Employee's termination of employment (the "Accrued Benefits") and up to three (3) consecutive months of outplacement services not to exceed $5,000 per month (with a provider and in a program selected by the Employee, provided Employee commences such services within ninety (90) days of Employee's Change in Control Involuntary Termination date).

(b) Benefits Upon an Other Involuntary Termination.

(i) Severance. In the event that Employee is subject to an Other Involuntary Termination, Employee shall be entitled to receive severance benefits as follows: (A) severance payments for twelve (12) months after the effective date of the termination (the "Non-CIC Severance Period") equal to the base salary which Employee was receiving immediately prior to the Other Involuntary Termination, which payments shall be paid during the Non-CIC Severance Period in accordance with the Company's standard payroll practices; (B) payment by the Company of the full cost of the health insurance benefits provided to Employee and Employee's spouse and dependents, as applicable, immediately prior to the Other Involuntary Termination pursuant to the terms of COBRA or other applicable law through the earlier of the end of the Non-CIC Severance Period or the date upon which Employee is no longer eligible for such COBRA or other benefits under applicable law; and (C) payment of any earned but unpaid annual bonus for the year immediately preceding the year of termination, to be paid at the time the Company pays bonuses with respect to such year to its executives generally (and in all events between January 1st and March 15th of the calendar year immediately following the calendar year in which such termination of employment occurs); provided, however, that if such Other Involuntary Termination occurs prior to May 20, 2022, the Non-CIC Severance Period shall be twenty-four (24) months rather than twelve (12) months. The benefits to be provided under Section 2(b)(i)(A) and (B) shall commence to be paid on the sixtieth (60th) day following Employee's termination of employment (subject to Employee's continued compliance with the restrictive covenants in Section 4 and release of claims against the Company as set forth in Section 1(a)), or, if earlier, the next payroll cycle following Employee's execution of a release of claims against the Company and the expiration of any statutory waiting period, with a catch-up payment covering any payments that would have been made prior to such first payment had such

payments commenced on the date of Employee's termination of employment. Notwithstanding the foregoing, in the event the Board of Directors concludes in its reasonable judgment that the provision of subsidized COBRA benefits to Employee could cause the Company to become subject to excise tax as a result of the Patient Protection and Affordable Care Act, as amended by the Healthcare Reform Act, the Company shall pay Employee a monthly amount in cash equal to the amount of the COBRA subsidy during the period the Company is obligated to provide subsidized COBRA benefits to Employee. In addition, Employee shall receive payment of the Accrued Benefits and up to three (3) consecutive months of outplacement services not to exceed $5,000 per month (with a provider and in a program selected by the Company, provided Employee commences such services within ninety (90) days of Employee's Other Involuntary Termination date).

(c) **Termination for Cause**. If Employee's employment is terminated for Cause at any time, then Employee shall not be entitled to receive payment of any severance benefits or equity award acceleration. Employee shall receive payment(s) for all Accrued Benefits

(d) **Voluntary Resignation**. If Employee voluntarily resigns from the Company under circumstances which do not constitute a Change in Control Involuntary Termination or an Other Involuntary Termination, then Employee shall not be entitled to receive payment of any severance benefits or equity award acceleration. Employee shall receive payment(s) for all Accrued Benefits.

(e) **Death or Disability.** If Employee's employment terminates on account of Employee's death or Disability at any time, whether or not in connection with a Change in Control, then Employee shall not be entitled to receive payment of any severance benefits or equity award acceleration. Employee shall receive payment(s) for (x) all Accrued Benefits and (y) any earned but unpaid annual bonus for the year immediately preceding the year of termination, to be paid at the time the Company pays bonuses with respect to such year to its executives generally (and in all events between January 1st and March 15th of the calendar year immediately following the calendar year in which such termination of employment occurs).

3. **Definition of Terms**. The following terms referred to in this Agreement shall have the following meanings:

(a) **Cause**. "Cause" shall mean (i) gross negligence or willful misconduct in the performance of Employee's duties to any member of the Company Group where such gross negligence or willful misconduct has resulted or is likely to result in substantial and material damage to any member of the Company Group, (ii) repeated and documented unexplained or unjustified absence from the performance of services for any member of the Company Group, (iii) a material and willful violation of any federal or state law resulting or likely to result in substantial and material damage to any member of the Company Group; (iv) commission of any act of fraud with respect to any member of the Company Group resulting or likely to result in substantial and material damage to any member of the Company Group, or (v) conviction of a felony or a crime involving moral turpitude causing material harm to the standing and reputation of any member of the Company Group, in each case as determined in good faith by the Board of Directors, subject to the Company's compliance with the "Cause Cure Process". For purposes of this Agreement, "Company Group" shall mean Parent, the Company and each of their respective subsidiaries.

(b) **Cause Cure Process**. "Cause Cure Process" shall mean that (i) Company reasonably determines that Employee has engaged in behavior constituting "Cause"; (ii) Company notifies the Employee in writing of the first occurrence of the behavior constituting "Cause" within ninety (90) days of the first occurrence of such condition; (iii) the Employee shall have thirty (30) business days following such notice (the "Cause Cure Period"), to substantially remedy the condition, if curable; (iv) notwithstanding such efforts, the condition constituting "Cause" continues to exist; and (v) Company terminates Employee's employment due to "Cause" within ninety (90) days after the end of the Cause Cure Period. For avoidance of doubt, if the behavior constituting "Cause" is not substantially curable, then the Cause Cure Period shall end on the date the Employee receives the Company's written notice set forth in clause (ii) above. If the Employee substantially cures the condition constituting "Cause" during the Cause Cure Period, such behavior constituting "Cause" shall be deemed not to have occurred.

(c) **Change in Control**. "Change in Control" means after the Effective Date, any of the following events: (A) a "person" (as such term in used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of Parent or a corporation owned, directly or indirectly, by the stockholders of Parent in substantially the same proportions as their ownership of stock of Parent, is or becomes the "beneficial owner" (as defined in Rule 13D-3 under the 1934 Act), directly or indirectly, of securities of Parent representing more than fifty percent (50%) of the combined voting power of Parent's then outstanding securities; (B) Parent merges or consolidates with any other corporation, other than in a merger or consolidation that would result in the voting securities of Parent outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of Parent or such surviving entity outstanding immediately after such merger or consolidation; or (C) the complete liquidation of Parent or the sale or other disposition of all or substantially all of Parent's assets (other than a transfer of Parent's assets to a majority-owned subsidiary of Parent or any other entity the majority of whose voting power is held by the shareholders of Parent in approximately the same proportion as before such transaction);; provided that in no event shall any such event constitute a Change in Control unless such event is also a "change in control event" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). For the avoidance of doubt, the Closing (as defined in that certain Agreement and Plan of Merger, dated as of March 16, 2020, by and among the Company and other signatories thereto) shall not be considered a Change in Control for purposes of this Agreement.

(d) **Change in Control Involuntary Termination**. "Change in Control Involuntary Termination" shall mean: (i) any termination by the Company other than for Cause, death or Disability, or (ii) Employee's voluntary termination for Good Reason (as defined in this Section 3(d)), in each case within the period beginning (A) ninety (90) days prior to the effective date of a Change in Control and ending (B) twenty-four (24) months following the effective date of a Change in Control. For purposes of this Section 3(d), "Good Reason" shall mean that Employee has complied with the "Good Reason Process" following the occurrence of any of the following events: (i) a material diminution in Employee's responsibilities, authority or duties; (ii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Employee is required to report; (iii) a material diminution (which shall be a decrease in excess of five percent (5%)) in Employee's base salary or target annual bonus amount, in each case other than in connection with a general decrease in base salaries or target annual bonuses, as applicable, for officers of the successor corporation; provided, however, that any decrease in base salary and/or target annual bonus greater than five percent (5%) shall provide grounds for "Good Reason" regardless of whether a general decrease in base salaries and/or target bonuses occurs for officers of the successor corporation; (iv) a change in the geographic location at which Employee provides services to the Company that increases Employee's one way commute by twenty-five (25) miles or more; or (v) failure of the successor corporation to assume the obligations under this Agreement.

(e) **Disability**. "Disability" shall mean that in the opinion of a qualified physician, mutually acceptable to the Company and the Employee, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, the Employee (x) is unable to engage in any substantial gainful activity or (y) has been receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company.

(f) **Good Reason Process**. "Good Reason Process" shall mean that (i) Employee reasonably determines in good faith that a "Good Reason" condition has occurred, as may be applicable; (ii) Employee notifies the Company in writing of the first occurrence of the Good Reason condition within ninety (90) days of the first occurrence of such condition; (iii) Employee cooperates in good faith with the Company's efforts, for a period of thirty (30) business days following such notice (the "Good Reason Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) Employee terminates his employment within ninety (90) days after the end of the Good Reason Cure Period. If the Company substantially cures the Good Reason condition during the Good Reason Cure Period, Good Reason shall be deemed not to have occurred.

(g) **Other Involuntary Termination**. "Other Involuntary Termination" shall mean (i) any termination by the Company other than for Cause, death or Disability, or (ii) Employee's voluntary termination for Good Reason (as defined in this Section 3(g)), in each case during the Term and excluding a Change in Control Involuntary Termination. For purposes of this Section 3(g), "Good Reason" shall mean that Employee has complied with the "Good Reason Process" following the occurrence of any of the following events: (i) a material diminution of Employee's authorities, duties or responsibilities, (ii) a five percent (5%) or greater decrease in Employee's annual base salary or annual bonus target other than in connection with a general decrease in annual base salary or annual bonus target (as applicable) for officers of the Company and the successor corporation, if applicable; or (iii) a change in the geographic location at which Employee provides services to the Company that increases the Employee's one-way commute by twenty-five (25) miles or more.

(h) **Target Annual Bonus**. "Target Annual Bonus" shall mean Employee's target annual bonus that may be earned for performance during the Company's fiscal year in which a termination occurs; provided, however, that sign-on or other special bonuses shall not be taken into account. If Employee's Target Annual Bonus has not been set or determined as of the termination date, the "Target Annual Bonus" shall mean Employee's target annual bonus for the Company's most recently completed fiscal year.

4. **Restrictive Covenants.**

(a) **Confidentiality**. During the Term and (y) the period beginning on the date on which Employee's employment with the Company is terminated in connection with a Change in Control Involuntary Termination and ending on the eighteen (18) month anniversary thereof; and (z) the Non-CIC Severance Period, if Employee's employment with the Company is terminated in connection with Other Involuntary Termination (as the case may be, the "Restricted Period"), Employee shall, and shall cause his or her affiliates and representatives to keep confidential and not disclose to any other person or entity or use for his or her own benefit or the benefit of any other person or entity any confidential proprietary information, technology, know-how, trade secrets (including all results of research and development), product formulas, industrial designs, franchises, inventions or other intellectual property regarding any member of the Company Group or any of their respective businesses and operations ("Confidential Information") in his or her possession or control. The obligations of Employee under this Section 4(a) shall not apply to Confidential Information which (i) is or becomes generally available to the public without breach of the commitment provided for in this Section 4; (ii) is required to be disclosed by law, order or governmental authority; (iii) information that is independently developed by Employee after termination of all employment with the Company Group or its affiliates, without the use of or reliance on any Confidential Information and (iv) information which becomes known to Employee after termination of all employment with the Company Group or its affiliates, on a non-confidential basis from a third-party source if such source was not subject to any confidentiality obligation; provided, however, that, in case of clause (ii), Employee shall notify the Company as early as reasonably practicable prior to disclosure to allow the Company or its affiliates to take appropriate measures to preserve the confidentiality of such Confidential Information. Nothing in this Section 4(a) or in this Agreement prohibits Employee from reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation. Further, in accordance with the Defend Trade Secrets Act of 2016, (I) Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (II) if Employee files a lawsuit for retaliation by the Company Group for reporting a suspected violation of law, Employee may disclose a trade secret to Employee's attorney and use the trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

(b) **Non-Competition; Non-Solicitation**.

(i) During the Restricted Period, Employee covenants and agrees not to, and shall cause his or her affiliates not to, directly or indirectly anywhere in the world, conduct, manage, operate, engage in or have an ownership interest in any business or enterprise that (A) manufactures, sells, distributes or develops abuse-deterrent orally delivered pharmaceuticals, (B) uses any trademarks, tradenames or slogans similar to those of any member of the Company Group or any of their respective affiliates; or (C) is engaged in any other activities that are otherwise competitive with the business of any member of the Company Group or any of their respective affiliates as conducted or proposed to be conducted as of the termination date (collectively, the "Business"). Notwithstanding the foregoing, nothing herein shall preclude Employee from performing any duties as a stockholder, director, employee, consultant or agent of any member of the Company Group or any of their respective affiliates or owning, directly or indirectly, in the aggregate less than 5% of any business competitive with any member of the Company Group or any of their respective affiliates that is subject to the reporting obligations of the 1934 Act.

(ii) During the Restricted Period, Employee shall not, and shall cause his or her affiliates to not, directly or indirectly, call-on, solicit or induce any customer or other business relationship of any member of the Company Group or any of their respective affiliates for the provision of products or services related to the business of the Company or in any other manner that would otherwise interfere with the business relationship between any member of the Company Group and any of their respective affiliates and their respective customers and other business relationships.

(iii) During the Restricted Period, Employee shall not, and shall cause his or her affiliates to not, directly or indirectly, call-on, solicit or induce, any employee of any member of the Company Group and any of their respective affiliates to leave the employ of, or terminate its relationship with, any member of the Company Group or any of their respective affiliates for any reason whatsoever, nor shall Employee offer or provide employment (whether such employment is for Employee or any other business or enterprise), either on a full-time, part-time or consulting basis, to any person who then currently is, or within six (6) months immediately prior thereto was, an employee or independent contractor of any member of the Company Group; provided, however, the foregoing shall not prohibit a general solicitation to the public through general advertising or similar methods of solicitation not specifically directed at employees of any member of the Company Group or to former employees who were involuntarily terminated by any member of the Company Group.

(iv) During the Term, Employee shall not be engaged in any business activity which, in the reasonable judgment of the Board of Directors, conflicts with Employee's duties with the Company, whether or not such activity is pursued for pecuniary advantage. Should Employee wish to provide any services to any other person or entity other than any member of the Company Group or to serve on the board of directors of any other entity or organization, Employee shall submit a written request to the Board of Directors for consideration and approval by the Board of Directors in its sole discretion.

(v) Employee acknowledges and agrees that the provisions of this Section 4 are reasonable and necessary to protect the legitimate business interests of the members of the Company Group and their respective affiliates. Employee shall not contest that the Company's and the Company's affiliates' remedies at law for any breach or threat of breach by Employee or any of his or her affiliates of the provisions of this Section 4 will be inadequate, and that the Company and its affiliates shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Section 4 and to enforce specifically such terms and provisions, in addition to any other remedy to which the Company or its affiliates may be entitled at law or equity. The restrictive covenants contained in this Section 4 are covenants independent of any other provision of this Agreement or any other agreement between the parties hereunder and the existence of any claim which Employee may allege against the Company under any other provision of this Agreement or any other agreement will not prevent the enforcement of these covenants.

(vi) Employee expressly acknowledges that the covenants contained in this Section 4(b) are a material part of the consideration bargained for by the Company and, without the agreement of Employee to be bound by such covenants, the Company would not have agreed to enter into this Agreement.

(vii) If any of the provisions contained in this Section 4(b) shall for any reason be held to be excessively broad as to duration, scope, activity or subject, then such provision shall be construed by limiting and reducing it, so

as to be valid and enforceable to the maximum extent compatible with the applicable law or the determination by a court of competent jurisdiction.

(c) **Intellectual Property; Company Property.**

(i) Inventions Retained and Licensed. Employee has attached hereto, as *Appendix B*, a list describing any inventions, original works of authorship, developments, improvements, and trade secrets which were made by Employee prior to the Effective Date (collectively referred to as "Prior Inventions") which belong to Employee, which relate to the Company Group's products or research and developments and which are not assigned to the Company hereunder; or, if no such Prior Inventions are listed, Employee represents that there are no such Prior Inventions. Employee agrees that Employee will not incorporate, or permit to be incorporated, any Prior Invention owned by Employee or in which Employee has an interest into a Company Group product, process or machine without the Company's prior written consent. Notwithstanding the foregoing sentence, if, in the course of Employee's employment with the Company, Employee incorporates into a Company Group product, process or machine a Prior Invention owned by Employee or in which Employee has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(ii) Assignment of Inventions. Employee agrees that Employee will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and does hereby assign to the Company, or its designee, all right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or capable of registration under copyright or similar laws, which Employee may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the time Employee is in the employ of the Company (collectively referred to as "Inventions") except as provided in Section 4(c)(v) of this Agreement. Employee further acknowledges that all original works of authorship which are made by Employee (solely or jointly with others) within the scope of and during the period of Employee's employment with the Company and which are protectable by copyright are "works made for hire" as that term is defined in the United States Copyright Act. Employee understands and agrees that the decision whether or not to commercialize or market any Invention developed by Employee solely or jointly with others is within the Company's sole discretion and for the Company Group's sole benefit and that no royalty will be due to Employee as a result of the Company Group's efforts to commercialize or market any such Invention.

(iii) Maintenance of Records. Employee agrees to keep and maintain adequate and current written records of all Inventions made by Employee (solely or jointly with others) during the Term. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

(iv) Patent and Copyright Registrations. Employee agrees to assist the Company Group, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including, but not limited to, the disclosure to the Company Group of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company Group shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Employee further agrees that Employee's obligation to execute or cause to be executed, when it is in Employee's power to do so, any such instrument or papers shall continue after the termination of the Term. If the Company is unable because of Employee's mental or physical incapacity or for any other reason to secure Employee's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Company as above, then Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Employee's agent and attorney in fact, to act for and on Employee's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by Employee.

(v) Exception to Assignments. Employee understands that the provisions of this Agreement requiring assignment of Inventions to the Company shall not apply to any Invention that Employee has developed entirely on Employee's own time without using the equipment, supplies, facilities, trade secret information or Confidential Information, in each case, of any member of the Company Group, except for those Inventions that either (i) relate at the time of conception or reduction to practice of the Invention to the business of any member of the Company Group, or actual or demonstrably anticipated research or development of any member of the Company Group or (ii) result from any work that Employee performed for any member of the Company Group. Employee will advise the Company promptly in writing of any Inventions that Employee believes meet the foregoing criteria and not otherwise disclosed on ***Appendix B***.

(vi) Upon the termination of Employee's employment for any reason, Employee shall deliver to the Company all memoranda, books, papers, letters, and other data, and all copies of the same, which were made by Employee or otherwise came into Employee's possession or under Employee's control at any time prior to the termination of this Agreement, and which in any way relate to the business of any member of the Company Group as conducted or as planned to be conducted on the date of the termination.

(d) **Certain Company Remedies**. Employee acknowledges that his or her promised services and covenants, including without limitation the covenants in Section 4 hereof, are of a special and unique character, which give them peculiar value, the loss of which cannot be reasonably or adequately compensated for in an action at law, and that, in the event there is a breach hereof by Employee, the Company will suffer irreparable harm, the amount of which will be impossible to ascertain. Accordingly, the Company shall be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction, either at law or in equity, to obtain damages for any breach of this Agreement, or to enjoin Employee from committing any act in breach of this Agreement. The remedies granted to the Company in this Agreement are cumulative and are in addition to remedies otherwise available to the Company at law or in equity. If Employee violates any of the restrictions contained in this Agreement, the Restricted Period shall not run in favor of Employee from the time of commencement of any such violation until such time as such violation shall be cured by Employee to the satisfaction of the Company.

5. Limitation and Conditions on Payments.

In the event that the severance and other benefits provided to Employee under this Agreement and any other agreement (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section, would be subject to the excise tax imposed by Section 4999 of the Code, then Employee's severance benefits under Sections 2(a) and 2(b) shall be payable either:

(a) in full; or

(b) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code;

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by Employee on an after-tax basis, of the greatest amount of severance benefits under Section 2(a) or Section 2(b) (as applicable), notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, cash severance pay that is exempt from Section 409A of the Code (beginning with such payment that would be made last in time and continuing, to the extent necessary, through to such payment that would be made first in time); second, any other cash severance pay (reduced in the same order as the previous item); third, any other payments or benefits to be paid in cash hereunder (reduced in the same order as the previous item); fourth, reducing any benefit to be provided in kind hereunder (reduced in the same order as the previous item), except for equity-based awards; fifth, any equity-based awards valued at full value under Section 280G of the Code, to be reduced in the order of highest value to lowest value under Section 280G of the Code; and lastly, sixth, any equity-based awards valued at a discounted value under Section 280G of the Code, to be reduced in the order of highest value to lowest value under Section 280G of the

Code. Unless the Company and Employee otherwise agree in writing, any determination required under this Section 5 shall be made in writing by a qualified independent certified public accounting or law firm selected by the Company and approved by the Employee, which such approval shall not be unreasonably withheld (the "Independent Tax Professional"). The Employee shall not be deemed to have unreasonably withheld approval if the Employee does not consent to an Independent Tax Professional selected by the Company that has provided any services to the Company or any successor corporation within the preceding five (5) year period. The Independent Tax Professional shall provide its determinations and any supporting calculations both to the Company and the Employee in writing setting forth in reasonable detail the basis of the Independent Tax Professional's determinations, which shall be subject to approval by the Employee, which such approval shall not be unreasonably withheld. Such determination shall be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 5, the Independent Tax Professional may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Employee shall furnish to the Independent Tax Professional such information and documents as the Independent Tax Professional may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Independent Tax Professional may reasonably incur in connection with any calculations contemplated by this Section 5. If, after the payment of severance benefits has been made to the Employee, it is established that the payments made to, or provided for the benefit of Employee, exceed the limitations provided in Section 5(b) (an "Excess Payment") or are less than such limitations (an "Underpayment"), as the case may be, then the following shall apply: (x) if it is determined that an Excess Payment has been made, the Employee shall repay the Excess Payment within 20 days following the determination of such Excess Payment; and (y) if it is determined that an Underpayment has occurred, the Company shall pay an amount equal to the Underpayment to the Employee on the later of (A) 20 days after such determination or resolution and (B) the time period such payment would otherwise have been paid or provided to the Employee absent the application of Section 5(b) (and in all events, within the time period permitted by Section 409A of the Code).

6. **Section 409A**. If Employee's termination of employment hereunder does not constitute a "separation from service" within the meaning of Section 409A of the Code, then any amounts payable hereunder on account of a termination of Employee's employment and which are subject to Section 409A of the Code shall not be paid until Employee has experienced a "separation from service" within the meaning of Section 409A of the Code. If, and only if, Employee is a "specified employee" (as defined in Section 409A of the Code) and a payment or benefit provided for in this Agreement would be subject to additional tax under Section 409A of the Code if such payment or benefit is paid within six (6) months after Employee's separation from service, then such payment or benefit shall not be paid (or commence) during the six (6)-month period immediately following Employee's separation from service except as provided in the immediately following sentence. In such an event, any payment or benefits that otherwise would have been made or provided during such six(6)-month period and that would have incurred such additional tax under Section 409A of the Code shall instead be paid to Employee in a lump-sum payment on the first day following the termination of such six (6)-month period or, if earlier, within ten (10) days following the date of Employee's death (but not earlier than such payment would have been made absent such death). For these purposes, each severance payment or benefit is designated as a separate payment or benefit for purposes of Treas. Reg. § 1.409A-2(b) and will not collectively be treated as a single payment or benefit. This paragraph is intended to comply with the requirements of Section 409A of the Code so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A of the Code and any ambiguities herein will be interpreted to so comply. Employee and the Company agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Employee under Section 409A of the Code. Notwithstanding anything to the contrary contained herein, to the extent that any amendment to this Agreement with respect to the payment of any severance payments or benefits would constitute under Code Section 409A a delay in a payment or a change in the form of payment, then such amendment must be done in a manner that complies with Code Section 409A(a)(4)(C).

7. **Conflicts**. Employee represents that Employee's performance of all the terms of this Agreement will not breach any other agreement to which Employee is a party. Employee has not, and will not during the term of

this Agreement, enter into any oral or written agreement in conflict with any of the provisions of this Agreement. Employee further represents that Employee is entering into or has entered into an employment relationship with the Company of Employee's own free will.

8. **Successors**. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. The terms of this Agreement and all of Employee's rights hereunder shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Mailed notices to Employee shall be addressed to Employee at the home address which Employee most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of the Company's Legal Department.

10. Miscellaneous Provisions.

(a) **No Duty to Mitigate**. Employee shall not be required to mitigate the amount of any payment contemplated by this Agreement (whether by seeking new employment or in any other manner), nor shall any such payment be reduced by any earnings that Employee may receive from any other source.

(b) **Waiver**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement (along with the Offer Letter) supersedes any agreement of the same title and concerning similar subject matter dated prior to the date hereof, and by execution of this Agreement both parties agree that any such predecessor agreement shall be deemed null and void. For the avoidance of doubt, the Prior Agreement is hereby terminated (with no obligation or liability thereunder for either party thereto) effective upon the execution of this Agreement by both parties.

(d) **Choice of Law**. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware without reference to conflict of laws provisions.

(e) **Severability**. If any term or provision of this Agreement or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this Agreement or the application of such terms and provisions to circumstances other than those as to which it is held invalid or unenforceable, and a suitable and equitable term or provision shall be substituted therefor to carry out, insofar as may be valid and enforceable, the intent and purpose of the invalid or unenforceable term or provision.

(f) **Arbitration**. All claims, demands, causes of action, disputes, controversies or other matters in question ("Claims") arising out of this Agreement or the Employee's service (or termination from service) with the Company, whether arising in contract, tort or otherwise and whether provided by statute, equity or common law, that

the Company may have against the Employee or that the Employee may have against the Company, or its parents or subsidiaries, or against each of the foregoing entities' respective officers, directors, employees or agents in their capacity as such or otherwise, shall be settled in accordance with the procedures described in Section 10(f)(i) and (ii). Claims covered by this Section 10(f) include, without limitation, claims by the Employee for breach of this Agreement, wrongful termination, discrimination (based on age, race, sex, disability, national origin, sexual orientation, or any other factor), harassment and retaliation.

(i) Agreement to Negotiate. First, the parties shall attempt in good faith to resolve any Claims promptly by negotiations between the Employee and executives or directors of the Company or its affiliates (or, following the occurrence of a Change in Control, any person or committee selected by the Compensation Committee of the Board of Directors prior to the Change in Control (referred to as the "Independent Decision Maker"), who shall act on behalf of the Company or its affiliates), who shall have authority to settle the Claims. Either party may give the other disputing party written notice of any Claim not resolved in the normal course of business. Within five (5) days after the effective date of that notice, the Employee and such executives or directors of the Company, or, following the occurrence of a Change in Control, the Independent Decision Maker, shall agree upon a mutually acceptable time and place to meet and shall meet at that time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the Claim. The first of those meetings shall take place within thirty (30) days of the date of the disputing party's notice. If the Claim has not been resolved within sixty (60) days of the date of the disputing party's notice, or if the parties fail to agree on a time and place for an initial meeting within five (5) days of that notice, either party may elect to undertake arbitration in accordance with Section 10(f)(ii).

(ii) Agreement to Arbitrate. If a Claim is not resolved by negotiation pursuant to Section 10(f)(i), such Claim must be resolved through arbitration regardless of whether the Claim involves claims that the Agreement is unlawful, unenforceable, void, or voidable or involves claims under statutory, civil or common law. Any arbitration shall be conducted in accordance with the then-current International Arbitration Rules of the American Arbitration Association ("AAA"). If a party refuses to honor its obligations under this Section 10(f)(ii), the other party may compel arbitration in any federal or state court of competent jurisdiction. The arbitrator shall apply the substantive law of Delaware (excluding choice-of-law principles that might call for the application of some other jurisdiction's law) or federal law as applied by the United States Court of Appeals for the Third Circuit, or both as applicable to the Claims asserted. The arbitration shall be conducted by a single arbitrator selected by the parties according to the rules of AAA. In the event that the parties fail to agree on the selection of the arbitrator within 30 days after either party's request for arbitration, the arbitrator will be chosen by AAA. The arbitration proceeding shall commence on a mutually agreeable date within 90 days after the request for arbitration, unless otherwise agreed by the parties. The arbitrator shall have exclusive authority to resolve any dispute relating to the interpretation, applicability or enforceability or formation of this Agreement (including this Section 10(f)), including any claim that all or part of the Agreement is void or voidable and any Claim that an issue is not subject to arbitration. The results of arbitration will be binding and conclusive on the parties hereto. Any arbitrator's award or finding or any judgment or verdict thereon will be final and unappealable. The seat of arbitration shall be in Philadelphia, Pennsylvania, and unless agreed otherwise by the parties, all hearings shall take place at the seat. Any and all of the arbitrator's orders, decisions and awards may be enforceable in, and judgment upon any award rendered by the arbitrator may be confirmed and entered by any federal or state court having jurisdiction. All evidentiary privileges under applicable state and federal law, including attorney-client, work product and party communication privileges, shall be preserved and protected. The decision of the arbitrator will be binding on all parties. Arbitrations will be conducted in such a manner that the final decision of the arbitrator will be made and provided to the Employee and the Company no later than 120 days after a matter is submitted to arbitration. All proceedings conducted pursuant to this agreement to arbitrate, including any order, decision or award of the arbitrators, shall be kept confidential by all parties. Each party shall pay its own attorneys' fees and disbursements and other costs of arbitration and the parties to the arbitration shall split all of the arbitrator's fees equally; provided, however, that following the occurrence of a Change in Control, the Company will bear the forum fees required by AAA and any other administrative fees associated with the arbitration and shall advance to the Employee the fees and expenses (including legal fees) in connection with any arbitration proceeding provided that Employee shall be obligated to repay all such amounts in the event the Employee does not prevail in such proceeding. EMPLOYEE ACKNOWLEDGES THAT, BY SIGNING THIS AGREEMENT, EMPLOYEE IS WAIVING ANY RIGHT THAT

EMPLOYEE MAY HAVE TO A JURY TRIAL OR A COURT TRIAL OF ANY SERVICE RELATED CLAIM ALLEGED BY EMPLOYEE.

(g) **Legal Fees and Expenses**. The parties shall each bear their own expenses, legal fees and other fees incurred in connection with entering into this Agreement.

(h) **No Assignment of Benefits**. The rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Section 10(h) shall be void.

(i) **Employment Taxes**. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(j) **Assignment by Company**. The Company may assign its rights under this Agreement to an affiliate, and an affiliate may assign its rights under this Agreement to another affiliate of the Company or to the Company. In the case of any such assignment, the term "Company" when used in a section of this Agreement shall mean the company that actually employs the Employee. Notwithstanding the foregoing, neither the Company (or any successor thereto) nor the Employee may assign its obligations under this Agreement without the prior written consent of the other party hereto, unless such assignment by the Company is in connection with the assignment of this Agreement to the entity that actually employs the Employee.

(k) **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

The parties have executed this Management Continuity Agreement on the date first written above.

ZYLA LIFE SCIENCES

By: _
Name: _
Title:

EMPLOYEE

_____
[Name]

Address:

APPENDIX A

ZYLA LIFE SCIENCES

WAIVER AND RELEASE AGREEMENT

Zyla Life Sciences has offered to pay me certain benefits (the "Benefits") pursuant to Section 2 of my Management Continuity Agreement with Zyla Life Sciences, effective as of June 23, 2020 (the "Management Continuity Agreement"), which were offered to me in exchange for my agreement, among other things, to waive all of my claims against and release Zyla Life Sciences and its predecessors, successors and assigns (collectively referred to as the "Company"), all of the affiliates (including parents and subsidiaries) of the Company (collectively referred to as the "Affiliates") and the Company's and Affiliates' directors and officers, employees and agents, insurers, employee benefit plans and the fiduciaries and agents of said plans (collectively, with the Company and Affiliates, referred to as the "Corporate Group") from any and all claims, demands, actions, liabilities and damages; provided, however, that this Waiver and Release shall not apply to (1) any existing right I have to indemnification, contribution and a defense, (2) any directors and officers and general liability insurance coverage, (3) any rights I may have as a shareholder of the Company, (4) any rights I have to the Benefits, (5) rights to vested benefits under the Company's benefit plans and (6) any rights which cannot be waived or released as a matter of law.

I understand that signing this Waiver and Release is an important legal act. The Company hereby advises me to consult an attorney before signing this Waiver and Release and has given me at least [twenty-one (21)] [forty-five (45)] calendar days from the day I received a copy of this Waiver and Release to sign it. I understand my termination is an ["Other Involuntary Termination"]["Change in Control Involuntary Termination"] pursuant to the Management Continuity Agreement.

In exchange for the payment to me of Benefits, I, on behalf of myself and my heirs, executors, personal representatives, administrators, and assigns: (1) knowingly and voluntarily waive all claims and release the Corporate Group from any and all claims, demands, actions, liabilities, and damages, whether known or unknown, arising at any time prior to or on the date that I sign this Waiver and Release, including but not limited to all claims arising out of or relating in any way to my employment with or separation from the Company or the Affiliates (including any claim for a bonus in respect of actual performance for the year of termination in the event that such bonus has not yet been paid), (2) agree not to assert in any local, state and/or federal court any claim released by this Waiver and Release, and (3) waive any rights that I may have under any of the Company's involuntary severance benefit plans (other than the Management Continuity Agreement), except to the extent that my rights are vested under the terms of an employee benefit plan sponsored by the Company or an Affiliate and except with respect to such rights or claims as may arise after the date this Waiver and Release is executed. This Waiver and Release includes, but is not limited to, claims and causes of action under: Title VII of the Civil Rights Act of 1964, as amended ("Title VII"); the Age Discrimination in Employment Act of 1967, as amended, including the Older Workers Benefit Protection Act of 1990 ("ADEA"); the Civil Rights Act of 1866, as amended; the Civil Rights Act of 1991; the Americans with Disabilities Act of 1990 ("ADA"); the Energy Reorganization Act, as amended, 42 U.S.C. §§ 5851; the Workers Adjustment and Retraining Notification Act of 1988; the Sarbanes-Oxley Act of 2002; the Employee Retirement Income Security Act of 1974, as amended; the Family and Medical Leave Act of 1993; the Fair Labor Standards Act; the Occupational Safety and Health Act; the Pennsylvania Human Relations Act; the Pennsylvania Wage Payment and Collection Law; retaliation claims; claims arising under any "whistle blower" statutes (except to the extent prohibited by law); and/or contract, tort, defamation, slander, wrongful termination or any other state or federal regulatory, statutory or common law. Further, I expressly represent that no promise or agreement which is not expressed in the Management Continuity Agreement has been made to me in executing this Waiver and Release, and that I am relying on my own judgment in executing this Waiver and Release, and that I am not relying on any statement or representation of the Company, any of the Affiliates or any other member of the Corporate Group or any of their agents. I agree that this Waiver and Release is valid, fair, adequate and reasonable, is entered into with my full knowledge and consent, was not procured through fraud, duress or mistake and has not had the effect of misleading, misinforming or failing to inform me.

I agree that I am not entitled to any severance or benefits, bonus, commissions, equity, paid time off, vehicle allowance, other wages, or any other payments of any kind. In particular, I agree that I have been paid all compensation, bonuses, commissions, and equity, received all benefits due to me as a result of my employment with or separation from the Company, and am not aware of any facts or circumstances constituting a violation of the Fair Labor Standards Act ("FLSA") or any other federal, state or local constitution, statute, rule, regulation, or common law. I understand that I will not be entitled to receive any amounts under any other plan, program, or agreement with the Company, including, without limitation, incentive bonuses, stock options, equity, profit interest units, and any grant agreements, which bonuses, options, agreements, and unvested awards shall automatically terminate, cancel, forfeit, and expire on the [Separation Date], and all other benefits and perquisites that I am currently receiving cease on my [Separation Date].

The Company takes its obligations to comply with applicable laws and regulations very seriously and, therefore, needs to be made aware of any violations of applicable rules as well as applicable laws and regulations so that the Company may continuously improve their compliance efforts. Therefore, I certify that during my employment with the Company, I had an opportunity to read the Company's policies, employment manuals, and code of conduct, and as the former [POSITION], I was responsible for enforcing and adhering to these policies and programs. I certify that I have not become aware of any violations of law or of such policies by the Company or any of its employees, including, but not limited to, law and policies concerning: compliance with requirements of Medicare, Medicaid, and other federal health care programs; discrimination, harassment and equal employment opportunity; workplace safety; and gifts and gratuities.

In further exchange for the payment to me of Benefits, I agree not to make any disparaging or derogatory statements concerning the Company. The Company hereby agrees to instruct its officers and directors not to make any disparaging statements concerning you. These non-disparagement obligations shall not in any way affect my or the Company's obligation or rights in connection with any legal proceeding. I further acknowledge and agree that I am bound by and will comply with the Employee Confidential Information and Inventions Agreement and any similar agreements that I have entered into with the Company and that I will, within seven (7) calendar days of the date of this Waiver and Release, return all Company property to the Company.

Notwithstanding the foregoing, nothing contained in this Waiver and Release is intended to prohibit or restrict me in any way from (1) bringing a lawsuit against the Company to enforce the Company's obligations under the Management Continuity Agreement; (2) making any disclosure of information permitted or required by law; (3) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, any self-regulatory organization, or the Company's legal, compliance or human resources officers; (4) testifying or participating in or otherwise assisting in a proceeding relating to an alleged violation of any federal, state or municipal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization; or (5) filing any claims that are not permitted to be waived or released under applicable law (although my ability to recover damages or other relief is still waived and released to the extent permitted by law). Nothing contained in this Waiver and Release is intended to waive any rights I may have related to unemployment compensation and workers' compensation and indemnification claims.

I acknowledge that I may discover facts different from or in addition to those which I now know or believe to be true and that this Waiver and Release shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery thereof. I hereby expressly waive any and all rights and benefits conferred upon me by the provisions of Section 1542 of the Civil Code of the State of California, and/or any analogous law of any other state.

Section 1542 states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM

OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Should any of the provisions set forth in this Waiver and Release be determined to be invalid by a court, agency or other tribunal of competent jurisdiction, it is agreed that such determination shall not affect the enforceability of other provisions of this Waiver and Release. I acknowledge that this Waiver and Release and the Management Continuity Agreement set forth the entire understanding and agreement between me and the Company or any other member of the Corporate Group concerning the subject matter of this Waiver and Release and supersede any prior or contemporaneous oral and/or written agreements or representations, if any, between me and the Company or any other member of the Corporate Group on the same subject matter. **I understand that** for a period of seven (7) calendar days following the date that I sign this Waiver and Release, I may revoke my acceptance of the offer, provided that my written statement of revocation is received on or before that seventh day by the Human Resources, Zyla Life Sciences, 600 Lee Road, Suite 100, Wayne, PA 19087, in which case the Waiver and Release will not become effective. In the event I revoke my acceptance of this offer, the Company shall have no obligation to provide me Benefits. I understand that failure to revoke my acceptance of the offer within seven (7) calendar days from the date I sign this Waiver and Release will result in this Waiver and Release being permanent and irrevocable.

I acknowledge that I have read this Waiver and Release, have had an opportunity to ask questions and have it explained to me, have been advised to and have had the opportunity to consult with legal counsel, and that I understand that this Waiver and Release will have the effect of knowingly and voluntarily waiving any action I might pursue, including breach of contract, personal injury, retaliation, discrimination on the basis of race, age, sex, national origin, or disability and any other claims arising prior to the date of this Waiver and Release. By execution of this document, I do not waive or release or otherwise relinquish any legal rights I may have which are attributable to or arise out of acts, omissions, or events of the Company or any other member of the Corporate Group which occur after the date of the execution of this Waiver and Release.

Employee's Name	Company Representative's Signature
Employee's Signature and Title	Company's Representative's Name
Employee's Signature Date	Company's Execution Date

APPENDIX B

PROPRIETARY/CONFIDENTIALITY SCHEDULES

None.

CERTAIN MATERIAL (INDICATED BY [***]) HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCOSED.

TRANSITION AND CONSULTING AGREEMENT

This Transition and Consulting Agreement (this "***Agreement***") is entered into by and between Stanley Bukofzer ("***Executive***") and Assertio Therapeutics, Inc., a Delaware corporation ("***Assertio***") and is dated as of June 24, 2020 (the "***Effective Date***"). The Executive and the Company shall collectively be referred to herein as the "Parties."

RECITALS

WHEREAS, the Executive has previously entered into that certain Amended and Restated Management Continuity Agreement with Assertio, dated August 15, 2018 (the "***Management Continuity Agreement***");

WHEREAS, the Parties have determined that it is in their mutual best interests for the Executive's employment with the Company to terminate as of June 30, 2020 (the "***Separation Date***") on the terms and conditions set forth herein; and

WHEREAS, Assertio wishes to engage Executive's services through his consulting entity Envision Clinical LLC on an independent contractor basis following the Separation Date.

NOW, THEREFORE, in consideration of the mutual covenants undertaken in this Agreement, Executive and the Company hereby acknowledge and agree as follows:

AGREEMENT

1) Employment Separation. From the Effective Date through the Separation Date, Executive shall remain an employee of the Company and shall continue to serve in the Executive's current position. In addition to the customary duties associated with this role, Executive shall endeavor to facilitate a timely and orderly transition of Executive's role to Executive's successor and to do all other things as may reasonably be requested by the Company's Chief Executive Officer in connection with Executive's position. The Company and Executive hereby agree that Executive's employment relationship with the Company and all of its Affiliates shall end on the Separation Date, and Executive shall be deemed to have resigned from all offices held by Executive as of the Separation Date with no further action required by the Parties.

2) Compensation. Between the Effective Date and the Separation Date, Executive shall be entitled to receive compensation and benefits on the same terms and conditions as currently applicable to Executive. On the Separation Date, Executive shall be entitled to payment of all salary and vacation pay accrued and unpaid through the Separation Date. Subject to the Separation Contingencies (defined below), the Company shall provide Executive with the

following benefits in connection with the cessation of Executive's employment with the Company:

a) an annual bonus for 2020 (pro-rated for the number of months worked during the year through the Separation Date (i.e. 50%)) pursuant to the Company's bonus plan (and based on actual performance) not later than March 15, 2021, so long as Executive remains an employee of the Company through the Separation Date;

b) severance compensation consisting of continued payment of Executive's current base salary for a period of twelve (12) months following the Separation Date, and paid on the Company's regular payroll schedule;

c) twelve (12) monthly payments in the amount of $702.00, with each such payment approximately equivalent to the monthly cost of continuation of group healthcare coverage for Executive under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***");

d) continued vesting of Executive's unvested and outstanding equity awards listed in Appendix C to this Agreement in accordance with the awards' original vesting terms from the Separation Date through and for the duration of the Consulting Period (as defined below); and

e) up to three (3) months of Company-paid outplacement services not to exceed $5,000 per month; provided Executive commences such services within ninety (90) days of the Separation Date.

"***Separation Contingencies***" refers to the occurrence of the following events or circumstances: (i) Executive's continued service through the Separation Date and (ii) the Executive's execution and non-revocation of the release attached hereto as Appendix A (the "***Release***"), which Release shall have become effective and irrevocable on the eighth (8th) day following the Separation Date. In the event Executive's employment with the Company terminates for any reason before the Separation Date, the terms of the Management Continuity Agreement shall apply to such termination.

3) Consulting Arrangement. Subject to the Executive's execution and non-revocation of the Release, from the Separation Date through the tenth month following the Separation Date (the "***Consulting Period***", which shall end on such earlier date as the Executive dies, is unable to substantially perform the Services (as defined below) due to Executive's mental or physical disability that continues for a period of thirty (30) days or more, or is terminated by the Company for Cause (as defined below)), the Company and Executive agree that Executive shall be retained through Envision Clinical LLC to serve as a consultant to the Company providing the Services so long as Envision Clinical LLC executes the Company's standard form of non-disclosure agreement (the "***Consulting Arrangement***"). In exchange for provision of the Services, the Company shall pay to Envision Clinical LLC a consulting fee of (i) $15,000 per month (during the first four (4) months following the Separation Date) and (ii) $2,500 per month (during the remainder of the Consulting Period ending April 30, 2021), payable on the 1st of each month. In addition, the Executive's equity awards that are

outstanding as of the Separation Date shall continue to vest in accordance with their original vesting terms for the duration of the Consulting Period, subject to the Executive's continued service pursuant to this Section 3. In the event the Company terminates the Consulting Arrangement during the Consulting Period for any reason other than Cause, death or disability, or in the event the Company undergoes a Change of Control (as defined in the Management Continuity Agreement) during the Consulting Period: (1) the Company shall immediately pay to Envision Clinical LLC a termination fee equal to the full amount of consulting fees that would have been earned by Envision Clinical LLC for the remainder of the Consulting Period had the Consulting Arrangement not been terminated and (2) all of Executive's outstanding and unvested equity awards that would have vested based on continued performance of the Services through the end of the Consulting Period shall immediately and irrevocably vest as of the date of termination of the Consulting Arrangement or Change of Control. During the Consulting Period, Executive agrees to assist with transition and integration and such other matters as may be reasonably requested by, and at the direction and under the supervision of, the Company's Chief Operating Officer.(the "***Services***"). During the first four (4) months of the Consulting Period, Executive will not be required to provide more than forty (40) hours of Services per calendar month, and thereafter Executive will not be required to provide more than ten (10) hours of Services per calendar month during the Consulting Period, but in the event Executive has been asked to provide additional Services during any such month, Executive shall inform the Company's Chief Operating Officer in writing and seek written approval of such additional Services and the Parties shall agree on the payment of additional consulting fees to be paid for such additional Services. Executive shall direct any and all inquiries regarding the Services to the Company's Chief Executive Officer. The Executive acknowledges that the Company has no right to direct or control his performance of Services hereunder and that he and Envision Clinical LLC shall be treated as independent contractors for all purposes with respect thereto. As such, the Executive shall not participate as an active employee in any employee benefit plan of the Company or an Affiliate (other than with respect to the Executive's outstanding equity incentive awards or other vested Company benefits) and no income or other taxes shall be withheld from the amounts paid to the Executive pursuant to this Section 3. Executive shall provide the Services from a location of Executive's choosing, and the Company shall reimburse Envision Clinical LLC for reasonable and customary travel expenses incurred by Executive in providing the Services at the Company's request in accordance with the Company's expense reimbursement policy. During the Consulting Period, Executive shall be free to engage in any other employment or consulting work, so long as Executive is otherwise able to provide the Services and such employment or consulting work does not breach any other agreement between Executive and the Company (including any non-competition/non-solicitation agreement).

4) Indemnity. Subject to applicable law, Executive will be provided indemnification with respect to Executive's employment with the Company, the Company Licenses (as defined below), or any other aspect of Executive's past or continuing relationship with the Company, to the maximum extent permitted by the Company's Bylaws, Certificate of Incorporation, and other governing documents, including coverage, if applicable, under errors and omissions insurance, directors and officers insurance, or similar insurance policies.

5) Company Licenses. Certain manufacturing licenses required by the Company to perform its activities are currently held in Executive's name (the "***Company Licenses***"). The Company shall take all reasonable efforts to cause the Company Licenses to be canceled or transferred into the name of another Company employee or officer.

6) Litigation and Investigation Related Services. Executive agrees that, upon written request of the Company, he will make himself reasonably available, taking into account his other business and personal commitments, to cooperate (a) with the Company, its subsidiaries and Affiliates and any of their officers, directors, shareholders, or employees in connection with any investigation or review by the Company or any federal, state or local regulatory, quasi-regulatory or self-governing authority as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company and in respect of which Executive has knowledge, and (b) with respect to pending or threatened litigation matters (collectively, "***Cooperation***"). In no event shall Executive be required to provide any Cooperation if such Cooperation is adverse to Executive's legal or business interests. ***[***]***

7) Directors and Officers Insurance. During the Consulting Period and for four (4) years following the date of termination of the Consulting Arrangement, Executive will be covered by such directors and officers insurance coverage that the Company provides to its executives, officers, or directors generally.

8) Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile or e-mail, upon written confirmation of receipt by facsimile, e-mail or otherwise, (b) on the first business day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

To Company:	Assertio Holdings, Inc. 100 South Saunders Road, Suite 300 Lake Forest, Illinois 60045 Attention: Chief Financial Officer Email: dpeisert@assertiotx.com
To Executive:	Envision Clinical LLC c/o Stanley Bukofzer 278 Hobblebush Lane Vernon Hills, IL 60061 224-209-9061 Email: stanjrt@gmail.com

9) Miscellaneous.

a) Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each Party.

b) Waiver. No failure or delay of either Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

c) Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the Parties with respect to the subject matter hereof and thereof, except as otherwise set forth herein.

d) Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Illinois.

e) Assignment; Successors. The Company may not assign this Agreement to anyone, at any time, without the Executive's prior written consent, except that the Company may assign its rights and obligations under this Agreement without the consent of the Executive to any successor to the business or assets of the Company (whether by reorganization, consolidation merger, sale or other transaction), so long as the Company requires any successors and assigns to assume and agree to perform

this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. This Agreement shall inure to the benefit of and be binding upon the Company's predecessors, successors, subsidiaries, permitted assignees, parents, branches, divisions or other Affiliates, and upon Executive's heirs, executors and administrators.

f) Severability. If any provision of this Agreement or its application is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application and, therefore, the provisions of this Agreement are declared to be severable. In addition, should any court of competent jurisdiction determine that any provision of this Agreement is unenforceable, the Parties agree that the court should modify the provision to the minimum extent necessary to render said provision enforceable.

g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Company and the Executive have caused this Agreement to be executed as of the date first written above.

ASSERTIO THERAPEUTICS, INC. EXECUTIVE

By: /s/ Sarah Longoria /s/ Stanley Bukofzer
Name: Sarah Longoria
Title: Vice President, Human Resources

Confidential Information indicated by [***] has been omitted from this filing.

Appendix A

Release

Assertio Therapeutics, Inc. has offered to pay me the benefits (the "***Benefits***") described in that certain Transition and Consulting Agreement dated as of June 8, 2020 (the "***Transition Agreement***"), which were offered to me in exchange for my agreement, among other things, to waive all of my, on behalf of myself and my dependents, successors, heirs, assigns, agents, and executors, claims against and release Assertio Holdings, Inc. and its predecessors, successors and assigns (collectively referred to as the "***Company***"), all of the affiliates (including parents and subsidiaries) of the Company (collectively referred to as the "***Affiliates***") and the Company's and Affiliates' directors and officers, employees and agents, insurers, employee benefit plans and the fiduciaries and agents of said plans (collectively, with the Company and Affiliates, referred to as the "***Corporate Group***") from any and all claims, demands, actions, liabilities and damages arising out of or relating in any way to my employment with or separation from the Company or the Affiliates; provided, however, that this Release shall not apply to (1) any existing right I have to indemnification, contribution and a defense, (2) any directors and officers and general liability insurance coverage, (3) any rights I may have as a shareholder of the Company, (4) any rights I have to the Benefits, (5) rights to vested benefits under the Company's benefit plans and (6) any rights which cannot be waived or released as a matter of law.

I understand that signing this Release is an important legal act. I acknowledge that the Company has advised me in writing to consult an attorney before signing this Release and has given me at least twenty-one (21) calendar days from the day I received a copy of this Release to sign it.

In exchange for the payment to me of Benefits, I (1) agree not to sue in any local, state and/or federal court regarding or relating in any way to my employment with or separation from the Company or the Affiliates, (2) knowingly and voluntarily waive all claims and release the Corporate Group from any and all claims, demands, actions, liabilities, and damages, whether known or unknown, arising out of or relating in any way to my employment with or separation from the Company or the Affiliates and (3) waive any rights that I may have under any of the Company's involuntary severance benefit plans or any other severance agreement with the Company, except to the extent that my rights are vested under the terms of an employee benefit plan sponsored by the Company or an Affiliate and except with respect to such rights or claims as may arise after the date this Release is executed. This Release includes, but is not limited to, claims and causes of action under: Title VII of the Civil Rights Act of 1964, as amended ("***Title VII***"); the Age Discrimination in Employment Act of 1967, as amended, including the Older Workers Benefit Protection Act of 1990 ("***ADEA***"); the Civil Rights Act of 1866, as amended; the Civil Rights Act of 1991; the Americans with Disabilities Act of 1990 ("***ADA***"); the Energy Reorganization Act, as amended, 42 U.S.C. §§ 5851; the Workers Adjustment and Retraining Notification Act of 1988; the Sarbanes-Oxley Act of 2002; the Employee Retirement Income Security Act of 1974, as amended; the Family and Medical Leave Act of 1993; the Fair Labor Standards Act; the Occupational Safety and Health Act; claims in connection with workers' compensation or "whistle blower" statutes (except to the extent prohibited by law); and/or contract, tort, defamation, slander, wrongful termination or any other state or federal regulatory, statutory or common law. Further, I expressly represent that no promise or agreement which is

not expressed herein has been made to me in executing this Release, and that I am relying on my own judgment in executing this Release, and that I am not relying on any statement or representation of the Company, any of the Affiliates or any other member of the Corporate Group or any of their agents. I agree that this Release is valid, fair, adequate and reasonable, is entered into with my full knowledge and consent, was not procured through fraud, duress or mistake and has not had the effect of misleading, misinforming or failing to inform me.

Notwithstanding the foregoing, nothing contained in this Release is intended to prohibit or restrict me in any way from (1) bringing a lawsuit against the Company to enforce the Company's obligations under the Transition Agreement; (2) making any disclosure of information required by law; (3) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, any self-regulatory organization, or the Company's legal, compliance or human resources officers; (4) testifying or participating in or otherwise assisting in a proceeding relating to an alleged violation of any federal, state or municipal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization; or (5) filing any claims that are not permitted to be waived or released under applicable law (although my ability to recover damages or other relief is still waived and released to the extent permitted by law). Nothing contained in this Release is intended to waive any rights I may have related to unemployment compensation and workers' compensation and indemnification claims under applicable law.

I acknowledge that I may discover facts different from or in addition to those which I now know or believe to be true and that this Release shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery thereof.

Should any of the provisions set forth in this Release be determined to be invalid by a court, agency or other tribunal of competent jurisdiction, it is agreed that such determination shall not affect the enforceability of other provisions of this Release. I acknowledge that this Release sets forth the entire understanding and agreement between me and the Company or any other member of the Corporate Group concerning the subject matter of this Release and supersede any prior or contemporaneous oral and/or written agreements or representations, if any, between me and the Company or any other member of the Corporate Group on the same subject matter. **I understand that for a period of seven (7) calendar days following the date that I sign this Release, I may revoke this Release, provided that my written statement of revocation is received on or before that seventh day by the Vice President, Human Resources, Assertio Holdings, Inc., 100 South Saunders Road, Suite 300, Lake Forest, Illinois 60045, in which case the Release will not become effective. In the event I revoke my acceptance of this offer, the Company shall have no obligation to provide me the Benefits. I understand that failure to revoke my acceptance of the offer within seven (7) calendar days from the date I sign this Release will result in this Release being permanent and irrevocable.**

I acknowledge that I have read this Release, have had an opportunity to ask questions and have it explained to me and that I understand that this Release will have the effect of knowingly and voluntarily waiving any action I might pursue, including breach of contract, personal injury,

retaliation, discrimination on the basis of race, age, sex, national origin, or disability and any other claims arising prior to the date of this Release. By execution of this document, I do not waive or release or otherwise relinquish any legal rights I may have which are attributable to or arise out of acts, omissions, or events of the Company or any other member of the Corporate Group which occur after the date of the execution of this Release.

_____ ___
Employee's Name Company Representative's Signature

_____ ___
Employee's Signature Company's Representative's Name and Title

_____ ___
Employee's Signature Date Company's Execution Date

Confidential Information indicated by [***] has been omitted from this filing.

Appendix B

Cause and Cause Cure Process

The Executive's Consulting Arrangement with the Company or provision of the Services after the Separation Date may be terminated for Cause. For purposes of this Agreement, "***Cause***" shall mean (i) gross negligence or willful misconduct in the performance of Executive's duties to the Company where such gross negligence or willful misconduct has resulted or is likely to result in substantial and material damage to the Company or its subsidiaries, (ii) repeated unexplained or unjustified absence from the performance of services for the Company, (iii) a material and willful violation of any federal or state law resulting or likely to result in substantial and material damage to the Company or its subsidiaries; (iv) commission of any act of fraud with respect to the Company resulting or likely to result in substantial and material damage to the Company or its subsidiaries, or (v) conviction of a felony or a crime involving moral turpitude causing material harm to the standing and reputation of the Company, in each case subject to the Company's compliance with the Cause Cure Process as specified immediately below.

"***Cause Cure Process***" shall mean that (i) Company reasonably determines that the Executive has engaged in behavior constituting Cause; (ii) Company notifies the Executive in writing of the first occurrence of the behavior constituting Cause within ninety (90) days of the first occurrence of such condition; (iii) the Executive shall have thirty (30) days following such notice (the "***Cause Cure Period***"), to substantially remedy the condition, if curable; (iv) notwithstanding such efforts, the condition constituting Cause continues to exist; and (v) Company terminates the Executive's Services prior to the end of the Consulting Period due to Cause within ninety (90) days after the end of the Cause Cure Period. For avoidance of doubt, if the behavior constituting Cause is not substantially curable, then the Cause Cure Period shall end on the date the Executive receives the Company's written notice set forth in clause (ii) above. If the Executive substantially cures the condition constituting Cause during the Cause Cure Period, such behavior constituting Cause shall be deemed not to have occurred.

Confidential Information indicated by [***] has been omitted from this filing.

Appendix C

[***]

Confidential Information indicated by [***] has been omitted from this filing.

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Todd N. Smith, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

By: /s/ Todd N. Smith

Todd N. Smith

President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Daniel A. Peisert, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

By: /s/ Daniel A. Peisert

Daniel A. Peisert

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Assertio Holdings, Inc. (the "Company") for the quarterly period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd N. Smith, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 10, 2020

/s/ Todd N. Smith

Todd N. Smith

President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Assertio Holdings, Inc. (the "Company") for the quarterly period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel A. Peisert, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 10, 2020

/s/ Daniel A. Peisert

Daniel A. Peisert

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)