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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, 2023
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 001-38709

RVL Pharmaceuticals plc

(Exact name of registrant as specified in its charter)

Ireland	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 Crossing Boulevard
Bridgewater, NJ 08807
(Address of principal executive offices)
(Zip Code)

(908) 809-1300
(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
Ordinary shares, $0.01 nominal value per share	RVLP	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter 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, 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 ☒.

There were 99,535,197 ordinary shares ($0.01 nominal value per share) outstanding as of August 11, 2023.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "plan," "should," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short- and long-term business operations and objectives and financial needs. Examples of forward-looking statements include, among others, statements we make regarding: our intentions, beliefs or current expectations concerning, among other things, future operations; future financial performance, trends and events, particularly relating to sales of Upneeq; U.S. Food and Drug Administration, or the FDA, and other regulatory applications, approvals and actions; the continuation of historical trends; our ability to manage costs and service our debt; our planned rollout of our next-generation e-commerce portal in the second half of 2023; and the sufficiency of our cash balances and cash generated from operating and financing activities for future liquidity and capital resource needs.

We may not achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place significant reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Important factors that could cause actual results and events to differ materially from those indicated in the forward-looking statements include the following:

- We have determined that absent the successful execution of our strategic plans described herein, it is probable that we will not remain in compliance with the restrictive financial covenants of the documents governing our indebtedness through the quarterly period ending September 30, 2023, in which case our lenders would have the ability to demand repayment of all outstanding debt and we would not have sufficient funds to meet our obligations or capital to operate.
- Our ability to continue our operations requires that we raise additional capital and our operations could be curtailed or discontinued if we are unable to obtain the additional funding as or when needed.
- Due to our dependence on one product, Upneeq, our business could be materially adversely affected if Upneeq does not perform as well as expected.
- Upneeq may fail to achieve sufficient market acceptance by clinicians and patients, or others in the medical community, and the market opportunity for Upneeq may be smaller than we estimate.
- If we are unable to successfully commercialize Upneeq, or develop new products, on a timely or cost effective basis, our operating results will suffer.
- Our profitability depends on our customers’ willingness to pay the price we charge for Upneeq. If we decide to lower the price we charge for Upneeq our profitability could materially suffer.
- Our marketing and sales expenditures may not result in the commercial success of Upneeq.
- If we are unable to maintain our sales, marketing and distribution capabilities, or establish additional capabilities if and when necessary, we may not be successful in commercializing Upneeq.
- We depend to a large extent on third-party suppliers and distributors for Upneeq, including Nephron Pharmaceuticals, and if such suppliers and distributors are unable to supply raw materials for manufacture and deliver Upneeq in a timely manner, or are unable to manufacture Upneeq at a scale sufficient to meet demand, it could have material adverse effect on our business, financial position and results of operations.
- If Upneeq does not produce the intended effects, our business may suffer.

- The terms of the documentation governing our indebtedness restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.
- Our business may be adversely affected by the ongoing coronavirus outbreak.
- There is no certainty that we will be able to get FDA approval of arbaclofen extended release (“ER”).
- The drug regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our product candidates, our business will be substantially harmed.
- Other factors that are described in Part 1, Item 1A "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the U.S. Securities and Exchange Commission (“SEC”) on March 20, 2023 and in Part II, Item 1A “Risk Factors” section of this Quarterly Report on Form 10-Q.

The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date hereof. You should not rely upon forward-looking statements as predictions of future events. We cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or to changes in our expectations.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited).

RVL PHARMACEUTICALS PLC
Unaudited Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 19,159	$ 44,543
Accounts receivable and other receivables	1,932	3,031
Inventories, net	1,356	784
Prepaid expenses and other current assets	3,305	8,617
Total current assets	25,752	56,975
Property, plant and equipment, net	3,440	1,276
Operating lease assets	365	512
Indefinite-lived intangible assets	—	13,900
Goodwill	55,847	55,847
Total assets	$ 85,404	$ 128,510
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade accounts payable	$ 2,530	$ 2,407
Accrued liabilities	7,857	15,395
Current portion of debt ($57,300 measured at fair value and representing $70,666 of aggregate unpaid principal at June 30, 2023)	57,748	1,432
Current portion of obligations under finance leases	10	10
Current portion of lease liability	197	435
Income taxes payable - current portion	50	44
Total current liabilities	68,392	19,723
Long-term debt (measured at fair value and representing $75,000 of aggregate unpaid principal at December 31, 2022)	—	55,500
Warrant liability	469	1,951
Long-term portion of obligations under finance leases	12	18
Long-term portion of lease liability	180	94
Income taxes payable - long term portion	—	70
Deferred taxes	25	61
Total liabilities	69,078	77,417
Commitments and contingencies (see Note 11)		
Shareholders' equity:		
Ordinary shares ($0.01 nominal value, 400,000,000 shares authorized, 99,392,165 and 99,161,375 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively)	994	992
Preferred shares ($0.01 nominal value, 40,000,000 shares authorized, no shares issued and outstanding)	—	—
Euro deferred shares (€1.00 nominal value, 25,000 shares authorized, no shares issued and outstanding)	—	—
Additional paid in capital	620,055	619,323
Accumulated deficit	(604,723)	(569,222)
Total shareholders' equity	16,326	51,093
Total liabilities and shareholders' equity	$ 85,404	$ 128,510

See accompanying notes to unaudited condensed consolidated financial statements.

RVL PHARMACEUTICALS PLC
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net product sales	$ 8,258	$ 8,448	$ 17,090	$ 14,392
Royalty and licensing revenue	—	—	—	15,500
Total revenues	8,258	8,448	17,090	29,892
Cost of goods sold	1,946	2,227	4,245	4,371
Gross profit	6,312	6,221	12,845	25,521
Selling, general and administrative expenses	13,886	20,169	30,084	44,003
Research and development expenses	547	1,176	1,173	2,038
Impairment of intangible assets	13,900	—	13,900	—
Total operating expenses	28,333	21,345	45,157	46,041
Operating loss	(22,021)	(15,124)	(32,312)	(20,520)
Interest expense and amortization of debt discount	13	978	39	1,963
Change in fair value of debt and interest expense	3,144	(740)	10,493	304
Change in fair value of warrants	(805)	(3,455)	(1,482)	1,053
Other non-operating income, net	(371)	(78)	(5,806)	(5,115)
Total other non-operating expense (income)	1,981	(3,295)	3,244	(1,795)
Loss before income taxes	(24,002)	(11,829)	(35,556)	(18,725)
Income tax (benefit) expense	(113)	277	(55)	202
Net loss	$ (23,889)	$ (12,106)	$ (35,501)	$ (18,927)
Change in fair value of debt due to change in credit risk, net of tax	—	—	—	(1,700)
Comprehensive loss	$ (23,889)	$ (12,106)	$ (35,501)	$ (20,627)
Loss per ordinary share:				
Basic and diluted	$ (0.24)	$ (0.14)	$ (0.36)	$ (0.23)
Weighted average ordinary shares outstanding:				
Basic and diluted	99,370,291	83,580,906	99,345,933	83,535,655

See accompanying notes to unaudited condensed consolidated financial statements.

RVL PHARMACEUTICALS PLC
Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity
(In thousands, except share data)

	Ordinary shares		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	Shares	Amount				
Balance at January 1, 2022	83,297,567	$ 833	$ 591,730	$ (517,530)	$ 1,700	$ 76,733
Share compensation	217,844	2	1,326	—	—	1,328
Net loss	—	—	—	(6,821)	—	(6,821)
Payments for taxes related to the net share settlement of equity awards	—	—	(57)	—	—	(57)
Change in fair value of debt due to change in credit risk	—	—	—	—	(1,700)	(1,700)
Balance at March 31, 2022	83,515,411	835	592,999	(524,351)	—	69,483
Share compensation	102,156	1	1,207	—	—	1,208
Net loss	—	—	—	(12,106)	—	(12,106)
Payments for taxes related to the net share settlement of equity awards	—	—	(74)	—	—	(74)
Balance at June 30, 2022	83,617,567	$ 836	$ 594,132	$ (536,457)	$ —	$ 58,511
Balance at January 1, 2023	99,161,375	$ 992	$ 619,323	$ (569,222)	$ —	$ 51,093
Share compensation	188,439	1	590	—	—	591
Net loss	—	—	—	(11,612)	—	(11,612)
Payments for taxes related to the net share settlement of equity awards	—	—	(72)	—	—	(72)
Balance at March 31, 2023	99,349,814	993	619,841	(580,834)	—	40,000
Share compensation	42,351	1	231	—	—	232
Net loss	—	—	—	(23,889)	—	(23,889)
Payments for taxes related to the net share settlement of equity awards	—	—	(17)	—	—	(17)
Balance at June 30, 2023	99,392,165	$ 994	$ 620,055	$ (604,723)	$ —	$ 16,326

See accompanying notes to unaudited condensed consolidated financial statements.

RVL PHARMACEUTICALS PLC
Unaudited Condensed Consolidated Statements of Cash Flows
(In thousands)

	Six Months Ended June 30,	
	2023	**2022**
Cash Flows from Operating Activities:		
Net loss	$ (35,501)	$ (18,927)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	187	180
Share compensation	731	2,418
Change in fair value of debt	6,134	(2,600)
Change in fair value of warrants	(1,482)	1,053
Impairment of intangible assets	13,900	—
Deferred income tax (benefit) expense	(37)	23
Gain on sale of fixed and leased assets	(166)	(94)
Amortization of deferred financing and loan origination fees	—	1,935
Change in operating assets and liabilities:		
Accounts receivable and other receivables	1,099	300
Inventories, net	(572)	310
Prepaid expenses and other current and non-current assets	5,313	3,614
Trade accounts payable	124	1,659
Accrued and other current liabilities	(7,610)	(1,151)
Net cash used in operating activities	(17,880)	(11,280)
Cash Flows from Investing Activities:		
Proceeds from sale of fixed and leased assets	166	94
Purchases of property, plant and equipment	(2,350)	(27)
Net cash (used in) provided by investing activities	(2,184)	67
Cash Flows from Financing Activities:		
Payments on finance lease obligations	(5)	(4)
Payments on insurance financing loan	(984)	(1,802)
Payments for taxes related to net share settlement of share-based awards	(89)	(131)
Proceeds from issuance of ordinary shares under the ESP Plan	92	119
Debt repayments	(4,334)	—
Net cash used in financing activities	(5,320)	(1,818)
Net change in cash and cash equivalents	(25,384)	(13,031)
Cash and cash equivalents, beginning of period	44,543	40,444
Cash and cash equivalents, end of period	$ 19,159	$ 27,413

See accompanying notes to unaudited condensed consolidated financial statements.

RVL PHARMACEUTICALS PLC

Notes to Unaudited Condensed Consolidated Financial Statements

Note 1. Organization and Nature of Operations

RVL Pharmaceuticals plc, an Irish public limited company, together with its subsidiaries (collectively, the "Company"), is a specialty pharmaceutical company focused on the development and commercialization of products that target markets with underserved patient populations in the ocular medicine and medical aesthetics therapeutic areas.

In July 2020, the Company received regulatory approval from the FDA for RVL-1201, or Upneeq, (oxymetazoline hydrochloride ophthalmic solution), 0.1%, for the treatment of acquired blepharoptosis, or droopy or low-lying eyelids in adults. Upneeq was commercially launched in September 2020 to a limited number of eye care professionals with commercial operations expanded in 2021 among ophthalmology, optometry and oculoplastic specialties. In February 2022, Upneeq was commercially expanded into the medical aesthetics market in the United States.

On August 27, 2021, the Company closed the divestiture of its portfolio of branded and non-promoted products and its Marietta, Georgia, manufacturing facility (the "Legacy Business") to certain affiliates of Alora Pharmaceuticals ("Alora"). Pursuant to the divestiture, the Company retained the rights to Upneeq and to arbaclofen ER tablets which had been under development for the treatment of spasticity in multiple sclerosis for which the Company had completed Phase III clinical trials and for which the Company has been exploring opportunities to divest, out-license or otherwise partner with a third party to monetize its net investment (see Note 15).

The Company's commercial operations are conducted by its wholly-owned subsidiaries, RVL Pharmaceuticals, Inc. ("RVL Pharmaceuticals") and RVL Pharmacy, LLC, ("RVL Pharmacy"). RVL Pharmacy conducts pharmacy operations dedicated to the processing and fulfillment of prescriptions for Upneeq.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Basis of Presentation—The accompanying unaudited condensed consolidated financial statements included herein have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and under the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim reporting. In management's opinion, the interim financial data presented herein includes all adjustments (consisting solely of normal, recurring adjustments) that are necessary for a fair presentation. All intercompany accounts and transactions have been eliminated. Certain information required by U.S. GAAP has been condensed or omitted in accordance with rules and regulations of the SEC. The operating results for the three and six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for any future period or for the year ending December 31, 2023 or any period thereafter. The accompanying unaudited condensed consolidated balance sheet data as of December 31, 2022 was derived from the audited consolidated financial statements.

Management believes that the disclosures included herein are adequate to make the information presented not misleading in any material respect when read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022. Those audited consolidated financial statements include a summary of our significant accounting policies, updates to which are included in this Note 2.

Use of Estimates—The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported throughout the financial statements. Actual results could differ materially from those estimates.

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

Summary of Significant Accounting Policies

Product Sales—Revenue is recognized at the point in time when the Company's performance obligations with the applicable customers have been satisfied. At contract inception, the Company determines if the contract is within the scope of ASC Topic 606, Revenue Recognition, and then evaluates the contract using the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue at the point in time when the entity satisfies a performance obligation. Revenue is recorded at the transaction price, which is the amount of consideration the Company expects to receive in exchange for transferring products to a customer. The Company determines the transaction price based on fixed consideration. The amount of revenue we recognize is equal to the selling price, adjusted for any variable consideration, which included discounts and allowances at the time revenues were recognized. In determining the transaction price, a significant financing component does not exist since the customer typically pays for the product in advance of the transfer of the product or shortly thereafter.

The Company's performance obligations are to provide its pharmaceutical products based upon purchase orders from customers. The performance obligations are satisfied at a point in time, typically upon delivery, when the customer obtains control of the pharmaceutical product.

The Company's net product revenues consist of sales of Upneeq. RVL Pharmacy ships Upneeq to patients pursuant to prescriptions; however, in certain cases where its state pharmacy licenses are pending, prescriptions are fulfilled by a third-party pharmacy partner. The Company collectively refers to these sales as Pharmacy sales. Additionally, Upneeq is sold directly to practitioners in certain states which permit physicians to dispense Upneeq in their offices or directly to telemedicine partners with established channels to diagnose patients online and prescribe and ship directly to appropriate patients. The Company collectively refers to these sales as Direct Dispense sales. Finally, Upneeq is also available for sale to practitioners who are otherwise unable to provide Upneeq directly to patients from their offices, to purchase case quantities of Upneeq and charge their patients for the product, with patient prescriptions ultimately processed by and dispensed from RVL Pharmacy. The Company collectively refers to these sales as Virtual Inventory sales. Predominately, the Company collects payment in advance from its customers. From time to time, the Company may invoice a customer after the products have been delivered in which case payments are typically due within 30 days. The Company recognizes revenue when control has transferred to the end customer, which is typically upon delivery to the patient in the case of Pharmacy sales, the practitioner in the case of Direct Dispense sales or the patient in the case of Virtual Inventory sales. The amount of revenue the Company recognizes is equal to the selling price, adjusted for any variable consideration, which largely consists of discounts and disputed chargebacks, at the time revenues are recognized.

Supplemental Cash Flow Disclosures—Supplemental cash flow disclosures are as follows (in thousands):

	Six Months Ended June 30,	
	2023	2022
Cash paid for:		
Interest	$ 6,697	$ 2,931
Income taxes	$ 75	$ 142

During the six months ended June 30, 2023, the Company received an aggregate of $5.1 million in federal tax refunds related to income taxes paid in prior periods. The Company is continuing to pursue the collection of $0.8 million of additional federal refund claims with such receivables being classified as other receivables, a component of accounts receivable and other receivables in the accompanying unaudited condensed consolidated balance sheet (see Note 5).

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

Recently Issued Accounting Standards

In August 2020, the FASB issued Accounting Standards Update 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). This standard simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The standard requires entities to provide expanded disclosures about the terms and features of convertible instruments and amends certain guidance related to the computation of earnings per share for convertible instruments and contracts on an entity's own equity. The standard, which allows entities to adopt the guidance through either a modified or fully retrospective method of transition, becomes effective for the Company, as a smaller reporting company, for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company has evaluated the impact of the adoption of ASU 2020-06 and currently anticipates there will be no material impact upon adoption on January 1, 2024.

There are no other recently issued accounting standards that are expected to have a material impact to the Company's financial position or results of operations upon adoption.

Note 3. Liquidity

At June 30, 2023, the Company had cash and cash equivalents of $19.2 million, an accumulated deficit of $604.7 million, and senior secured indebtedness with aggregate principal maturities of $70.7 million, with such maturities commencing in March 2024 and extending through October 2026 (see Note 7). In addition, the Company's senior secured indebtedness contains various restrictive covenants including minimum liquidity and minimum quarterly net product sales requirements. Violation of any such restrictive covenants, or any other covenants of the senior secured indebtedness, would constitute an event of default, in some cases subject to a cure period, following which the lender may accelerate all amounts outstanding (see Note 7). For the six months ended June 30, 2023 and 2022, the Company incurred net losses of $35.5 million and $18.9 million, respectively, and used $17.9 million and $11.3 million, respectively, in cash from operating activities.

The divestiture of the Legacy Business in 2021 resulted in the loss of substantially all the Company's revenue generating assets. The Company's current business plan is focused on the continued commercialization and growth of Upneeq, which has and will continue to diminish the Company's cash flows in at least the near term. The Company will require additional capital to fund its operating needs, including the expanded commercialization of Upneeq and other activities. The Company expects to incur significant expenditures and sustain operating losses in the future.

Management of the Company does not believe that current sources of liquidity will be sufficient to fund the Company's planned expenditures and meet its obligations, including the minimum liquidity covenant, for at least 12 months following the date the accompanying unaudited condensed consolidated financial statements are issued without raising additional funding. As a result, there is a substantial doubt as to the Company's ability to operate as a going concern. Management has determined that absent the successful execution of its strategic plans described below, it is probable that the Company will not remain in compliance with the restrictive financial covenants through the quarterly period ending September 30, 2023, in which case its lenders would have the ability to demand repayment of all outstanding debt and the Company would not have sufficient funds to meet its obligations or capital to operate. Due to its projected failure to meet all covenants, the Company's long-term indebtedness has been classified as a current liability as of June 30, 2023 in the accompanying unaudited condensed consolidated balance sheets.

On August 13, 2023, the Company entered into a conditional third amendment to the Note Purchase Agreement that, should it become effective, would secure, among other things, a one-year deferral of the commencement of quarterly amortization payments and an adjustment to lower the minimum quarterly net product sales requirement for the period ending September 30, 2023 (see Note 16).

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

The Company's ability to continue as a going concern will require it to obtain additional funding, generate positive cash flow from operations by, among other things, reducing expenses and/or realizing operational efficiencies, secure a modification or waiver of the restrictive covenants, and/or enter into strategic alliances or sell assets. Management's plans to address these conditions by way of securing additional funding include pursuing one or more of the following options, none of which can be guaranteed or is entirely within its control, (i) raise funds through additional sales of ordinary shares, through equity sales agreements with brokers/dealers or other public or private equity financings, (ii) raise funds through borrowings under new and/or existing debt facilities and/or convertible debt, and/or (iii) raise non-dilutive funds through product collaborations, including co-promotions, and/or to partner or sell a portion or all rights to any of the Company's assets.

There can be no assurance that the Company will receive cash proceeds from any of these potential sources or, to the extent cash proceeds are received, such proceeds would be sufficient to support its current operating plan for at least the next 12 months from the date the accompanying unaudited condensed consolidated financial statements are issued. The sale of additional equity or convertible debt securities may result in dilution to the Company's shareholders. If the Company raises additional funds through the issuance of debt securities or preferred shares, these securities could provide for rights senior to those of its ordinary shares and could contain covenants that would further restrict its operations. Additional funds may not be available when the Company needs them, on terms that are acceptable to it, or at all.

The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business, and therefore do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

Note 4. Revenues

The following table presents disaggregated revenues from contracts with customers (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net product sales - Upneeq	$ 8,258	$ 8,448	$ 17,090	$ 14,392
Royalty and licensing revenue	—	—	—	15,500
Total revenues	$ 8,258	$ 8,448	$ 17,090	$ 29,892

On July 28, 2020, RVL Pharmaceuticals entered into a License Agreement with Santen Pharmaceutical Co. Ltd ("Santen"), granting Santen exclusive development, registration, and commercialization rights to RVL-1201 in Japan, China, and other Asian countries as well as Europe, the Middle East and Africa ("EMEA") countries (the "License Agreement"). Under the License Agreement, RVL Pharmaceuticals is entitled to certain development and regulatory milestone payments. RVL Pharmaceuticals is also entitled to royalty payments on net sales of RVL-1201 in Santen commercialization territories.

On March 29, 2022, RVL Pharmaceuticals entered into the First Amendment to License Agreement (the "Amendment") with Santen, amending the License Agreement. Under the terms of the Amendment, effective March 31, 2022, RVL Pharmaceuticals became entitled to receive an upfront cash payment of $15.5 million, and the remaining developmental and regulatory cash milestone payments were removed. Pursuant to the terms of the Amendment, new developmental and regulatory cash milestone payments with an aggregate value of up to $1.0 million will be payable to RVL Pharmaceuticals if achieved. In addition, the territories were expanded to include additional EMEA countries and Canada, and during the first five years following the effective date of the Amendment, Santen was granted an option to expand the territories to include Russia, subject to additional upfront and milestone payments of $2.0 million and $1.0

RVL PHARMACEUTICALS PLC

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

million, respectively. Further, under the terms of the Amendment, if RVL Pharmaceuticals desires to enter into an agreement to license certain rights related to the License Agreement to a third party in Russia, then Santen will have a right to exercise an option to expand the territories to include Russia or to match the terms of the agreement with the third party.

During the six months ended June 30, 2022, the Company recognized $15.5 million in license revenue from Santen under the Amendment as all performance obligations were met.

The following table presents the various adjustments recognized against gross product sales (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Gross product sales	$ 8,469	$ 8,538	$ 17,657	$ 14,565
Less provisions for:				
Chargebacks	—	(2)	(1)	(3)
Discounts and allowances	(211)	(88)	(566)	(170)
Net product sales	$ 8,258	$ 8,448	$ 17,090	$ 14,392

A contract liability is recorded as deferred revenue on the accompanying unaudited condensed consolidated balance sheets when customers are billed in advance of performance obligations being satisfied, and revenue is recognized upon satisfaction of all performance obligations. The amount of revenue recognized during the six months ended June 30, 2023 and 2022 that was included in the opening deferred balance of the same fiscal year to date period was $1.1 million and less than $0.1 million, respectively. At June 30, 2023, all deferred revenue was expected to become recognized as revenues within one year and is included within accrued expenses, a component of current liabilities, in the accompanying unaudited condensed consolidated balance sheets (see Note 6).

Contract assets primarily relate to rights to consideration for goods or services transferred to the customer when the right is conditional on something other than the passage of time. Contract assets are transferred to accounts receivable when the rights become unconditional. The Company generally does not incur costs to obtain or fulfill contracts meeting the capitalization criteria under ASC Topic 340, *Other Assets and Deferred Costs.* The Company had no contract assets at June 30, 2023 or December 31, 2022.

Note 5. Accounts Receivable and Other Receivables

Accounts receivable result primarily from product sales of Upneeq and from amounts due under revenue sharing, license and royalty arrangements. Other receivables result primarily from payroll retention credits and other miscellaneous activities.

The following table presents the components of accounts receivable and other receivables (in thousands):

	June 30, 2023	December 31, 2022
Trade accounts receivable	$ 1,003	$ 947
Other receivables	929	2,084
Total accounts receivable and other receivables	$ 1,932	$ 3,031

RVL PHARMACEUTICALS PLC

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

Note 6. Accrued Liabilities

The following table presents the components of accrued liabilities (in thousands):

	June 30, 2023	December 31, 2022
Accrued expenses and other liabilities	$ 3,391	$ 5,894
Accrued compensation	2,783	3,908
Accrued interest	—	2,300
Accrued royalties	542	1,144
Deferred revenue	1,051	1,923
Accrued research and development	90	226
Total accrued liabilities	$ 7,857	$ 15,395

Note 7. Financing Arrangements

The following table presents the components of debt and financing obligations (in thousands):

	June 30, 2023	December 31, 2022
Senior Secured Notes (measured at fair value)	$ 57,300	$ 55,500
Note payable — insurance financing	448	1,432
Total debt and financing obligations	57,748	56,932
Less: current portion of debt ($57,300 measured at fair value and representing $70,666 of aggregate unpaid principal at June 30, 2023)	(57,748)	(1,432)
Long-term debt	$ —	$ 55,500

As indicated in Note 3, management has determined it is probable that the Company will not remain in compliance with certain conditions of its Senior Secured Notes (as defined below) through the quarterly period ending September 30, 2023. As a result, in accordance with FASB Accounting Standards Codification 470, the Company has classified all outstanding principal of its Senior Secured Notes, which represents $70.7 million of aggregate payments, as a current liability in the accompanying unaudited condensed consolidated balance sheet as of June 30, 2023. In the event the Company violates either of the restrictive debt covenants, the lenders would have the ability to demand repayment of all of its $70.7 million of debt immediately.

Absent the probable non-compliance of the restrictive financial covenants discussed in Note 3, the following table presents the aggregation of principal maturities of debt and financing obligations (in thousands):

Year Ending December 31,	Debt Obligations
Remainder of 2023	$ 448
2024	14,133
2025	14,133
2026	42,400
Total future minimum payments	71,114
Less: current portion of debt principal	(7,515)
Non-current portion of debt principal	$ 63,599

RVL PHARMACEUTICALS PLC

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

Senior Secured Notes

On October 1, 2021, the Company entered into a note purchase agreement (the "Note Purchase Agreement") with, among others, Athyrium Opportunities IV Acquisition LP (the "Administrative Agent") and Athyrium Opportunities IV Acquisition 2 LP, as a purchaser, providing for the issuance of senior secured notes in three separate tranches (the "Senior Secured Notes"). On October 12, 2021, the Company issued $55.0 million first tranche Senior Secured Notes, a portion of the proceeds of which, together with the proceeds from a concurrent underwritten equity offering, were used to repay in full the obligations under a prior credit agreement.

On August 4, 2022, the Company entered into a first amendment (the "First Amendment") to the Note Purchase Agreement with, among others, Athyrium Opportunities IV Co-Invest 1 LP (the "New Purchaser"), certain other purchasers party thereto (together with the New Purchaser, the "Purchasers") and the Administrative Agent, which amended the Note Purchase Agreement (as amended by the First Amendment and Second Amendment (as defined below), the "Amended Note Purchase Agreement").

The First Amendment provided, among other things, for the issuance of $20.0 million of secured second tranche Senior Secured Notes, dated as of August 8, 2022. Furthermore, under the First Amendment, the Purchasers committed to purchase certain third tranche Senior Secured Notes in an aggregate principal amount of up to $25.0 million at any time prior to April 15, 2023, upon the satisfaction of certain conditions. These conditions were not met as of April 15, 2023, and the Purchasers commitment to purchase such third tranche Senior Secured Notes expired thereafter.

On March 8, 2023, the Company entered into a second amendment (the "Second Amendment") to the Note Purchase Agreement with, among others, the Purchasers and the Administrative Agent, which provided for the immediate reduction of the minimum liquidity requirement under the Note Purchase Agreement from $15.0 million to $12.5 million.

The Senior Secured Notes bear interest at an annual rate of 9.0% plus adjusted three-month Term SOFR, with an adjusted Term SOFR floor of 1.50% and a cap of 3.00%, payable in cash quarterly in arrears. For the three-month interest period beginning July 1, 2023, the interest rate applicable to the aggregate outstanding Senior Secured Notes is 12.0%.

The Senior Secured Notes require quarterly repayments equal to 5.0% of the principal outstanding and beginning on March 31, 2024, with any residual balance due at maturity on October 12, 2026. The Senior Secured Notes may be voluntarily prepaid upon the satisfaction of certain conditions and with each such prepayment being accompanied by, as applicable, (i) a make-whole premium, (ii) an exit fee of 2% of the principal amount of the Senior Secured Notes prepaid, (iii) certain other fees, indemnities and expenses, and (iv) all accrued interest on the principal amount of the Senior Secured Notes being so prepaid.

The Senior Secured Notes must be prepaid upon the receipt of cash under certain defined conditions, including from voluntary and involuntary asset dispositions, extraordinary receipts, issuance of new indebtedness, and contingent milestone payments for the Legacy Business paid by Alora, each such prepayment being accompanied by, as applicable, the fees described in (i) through (iv) above. The exit fee described in (ii) above is payable on the principal amount of all notes prepaid or repaid, including upon the repayment of the notes upon maturity.

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

During the six months ended June 30, 2023 and 2022, the Company received an aggregate of $5.0 million in cash during each period from Alora related to contingent milestone payments earned in connection with the sale of the Legacy Business, with such income being recognized and classified within other non-operating income, net in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. In the six months ended June 30, 2023, the Company prepaid $5.0 million to the Purchasers in satisfaction of mandatory repayment conditions required under its Amended Note Purchase Agreement, thereby reducing the outstanding principal balance of the second tranche Senior Secured Notes by $4.3 million and recognizing $0.6 million of related debt repayment fees within selling, general and administrative expenses in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. In the six months ended March 31, 2022, the Company obtained waivers from the applicable purchasers of mandatory repayments of an aggregate of $5.0 million in principal of the first tranche Senior Secured Notes as otherwise required under the Note Purchase Agreement, in exchange for a consent fee of $0.2 million, resulting in net retained proceeds of $4.8 million.

In addition, the restrictive covenants in the Amended Note Purchase Agreement require the Company to comply with certain minimum liquidity requirements and minimum quarterly net product sales requirements. Under the terms of the Amended Note Purchase Agreement, the Company is required to maintain unrestricted cash and cash equivalents greater than or equal to $12.5 million, and, as of the end of each fiscal quarter, it is required to maintain consolidated Upneeq net product sales greater than or equal to specified quarterly thresholds (currently at $9.0 million for the fiscal quarter ending September 30, 2023, and increasing in $1.0 million increments each fiscal quarter thereafter until the fiscal quarter ending June 30, 2024, for which such fiscal quarter and all subsequent fiscal quarters the threshold is $12.0 million). At June 30, 2023, the Company was in compliance with all covenants under the Amended Note Purchase Agreement.

The Company elected the fair value option of accounting on the first and second tranche Senior Secured Notes, each upon issuance. On a recurring basis, changes in fair value of Senior Secured Notes will be presented in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss at each reporting period (see Note 13). For the six months ended June 30, 2022, the Company also recognized $1.9 million of amortization expense from the second tranche financial commitment asset with such expense being recorded within interest expense and amortization of debt discount in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

On August 13, 2023, the Company entered into a conditional third amendment to the Note Purchase Agreement with effectiveness contingent on certain future events (see Note 16).

Note 8. Share-Based Compensation

The following table presents the components of share-based compensation expense (income) (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Share options	$ (24)	$ 442	$ 59	$ 992
Restricted stock units	212	723	584	1,339
Employee share purchase plan	44	44	88	87
Total share-based compensation expense	$ 232	$ 1,209	$ 731	$ 2,418

At June 30, 2023, aggregate unrecognized share compensation expense related to unvested awards was $1.7 million, which is expected to be recognized over a weighted-average remaining service period of 1.2 years.

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

Note 9. Earnings or Loss Per Ordinary Share

The following potentially dilutive securities have been excluded from the weighted average ordinary shares outstanding in the computation of diluted earnings or loss per share because the impact of including them would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Restricted stock units	788,824	1,057,158	788,824	1,057,158
Share options to purchase ordinary shares	4,078,449	5,414,496	4,078,449	5,414,496
Warrants to purchase ordinary shares	16,100,000	16,100,000	16,100,000	16,100,000
Ordinary shares to be purchased through employee stock purchase plan	207,290	271,571	207,290	271,571

Note 10. Customer Concentrations and Credit Risk

For the three months ended June 30, 2023, one customer accounted for 12% of the Company's total revenues and represented a concentration of credit risk by accounting for substantially all of the Company's trade accounts receivable at June 30, 2023. For the six months ended June 30, 2023, one other customer accounted for 11% of the Company's total revenues.

No single customer accounted for 10% or greater of the Company's total revenues for the three and six months ended June 30, 2022.

Note 11. Commitments and Contingencies

Legal Proceedings

The Company is a party in legal proceedings and potential claims arising from time to time in the ordinary course of its business. The amount, if any, of ultimate liability with respect to such matters cannot be determined. Despite the inherent uncertainties of litigation, management of the Company believes that the ultimate disposition of such proceedings and exposures will not have a material adverse impact on the financial condition, results of operations, or cash flows of the Company.

Note 12. Income Taxes

The following table presents the relationship between income tax expense or benefit and income or loss before income taxes (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Loss before income taxes	$ (24,002)	$ (11,829)	$ (35,556)	$ (18,725)
Income tax (benefit) expense	(113)	277	(55)	202
Effective income tax rate	0.47 %	(2.34)%	0.15 %	(1.08)%

Income tax expense or benefit in the quarterly periods is based upon the estimated income or loss for the full year. The composition of the income or loss in different jurisdictions and adjustments, if any, in the applicable quarterly periods influences the periodic expense or benefit.

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

The relationship between pre-tax income or loss and income tax expense or benefit is greatly affected by the impact of losses for which management cannot claim a tax benefit, non-deductible expenses, and other items that increase tax expense without a relationship to income, such as withholding taxes and changes with respect to uncertain tax positions. The change in the effective income tax rate for the three and six months ended June 30, 2023 when compared to the three and six months ended June 30, 2022, is primarily related to our recognition of individually minor net tax expenses or benefits during the respective periods.

Note 13. Financial Instruments and Fair Value Measurements

The Company's financial instruments subject to fair value measurements include cash and cash equivalents, accounts receivable and other receivables, trade accounts payable, accrued liabilities, long-term debt and warrant liabilities.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Financial Assets— Cash and cash equivalents, generally consisting of investments in interest-bearing money market accounts, are measured at fair value on a recurring basis using Level 1 measurements. Fair value inputs for these investments are considered Level 1 measurements within the fair value hierarchy because money market account fair values are known and observable through daily published floating net asset values. The fair value of the Company's cash and cash equivalents, being the same as their carrying value, were $19.2 million and $44.5 million at June 30, 2023 and December 31, 2022, respectively.

Financial Liabilities— The Senior Secured Notes, a material component of long-term debt (see Note 7), and our warrant liabilities, a material component of total liabilities have each been measured and carried at fair value since their issuance in October 2021. Such instruments represent financial liabilities whose measurement contains significant unobservable inputs, which management considers to be Level 3 measurements under the fair value hierarchy.

The Company uses a discounted cash flow technique, an income-based approach, to determine the fair value of the Senior Secured Notes. This technique relies upon an assumption of pricing the Senior Secured Notes to their maturity (without mandatory or voluntary prepayments) and incorporates inputs such as contractual repayment terms, maturity, and discount rate. The most significant unobservable input for the Senior Secured Notes is the discount rate which is estimated by performing a yield analysis that relies upon the discount rate observed in the initial issuance of the Senior Secured Notes as well as certain benchmark debt instruments with observable pricing from which conclusions are drawn on the change in the discount rate from period to period.

The Company uses the Black-Scholes Merton option-pricing model to value the warrants. This model incorporates transaction details such as the Company's stock price, contractual terms, maturity, risk free rates, and volatility. The most significant unobservable input for the warrant liabilities is volatility. Given the limited trading volume and period of time the Company's stock has been traded in an active market, the expected volatility is estimated by taking the average historical price volatility for industry peers, consisting of several public companies in the Company's industry that are similar in size, stage, or financial leverage, over a period of time commensurate to the expected term of the warrants.

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Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

The following tables show financial liabilities subject to fair value measurement on a recurring basis and related information on fair values, valuation techniques and unobservable inputs (dollars in thousands):

	At June 30, 2023			
Financial Instrument	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	
Senior Secured Notes	$ (57,300)	Income Approach - DCF	Discount rate	22.3 %
			Term (in years)	3.3
Warrants	$ (469)	Black-Scholes Merton	Equity volatility	77.5 %
			Term (in years)	1.8

	At December 31, 2022			
Financial Instrument	**Fair Value**	**Valuation Technique**	**Unobservable Inputs**	
Senior Secured Notes	$ (55,500)	Income Approach - DCF	Discount rate	24.6 %
			Term (in years)	3.8
Warrants	$ (1,951)	Black-Scholes Merton	Equity volatility	60.0 %
			Term (in years)	2.3

The following table shows changes in the fair value of financial liabilities subject to Level 3 fair value measurements on a recurring basis (in thousands):

	Senior Secured Notes	Warrants
Balance, At December 31, 2022	$ (55,500)	$ (1,951)
Principal prepayment of second tranche Senior Secured Notes (Note 7)	4,334	-
Cash payments for interest	6,659	-
Fair value adjustments through earnings	(10,493)	1,482
Net interest accrual (reversal) (Note 6)	(2,300)	-
Balance, At June 30, 2023	$ (57,300)	$ (469)

Changes in the fair value of debt that is accounted for at fair value, inclusive of related accrued interest expense, are presented as gains or losses in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss under change in fair value of debt and interest expense. The portion of total changes in fair value of debt attributable to changes in instrument-specific credit risk are determined through specific measurement of periodic changes in the discount rate assumption for company-specific credit risk, exclusive of base market changes, and are presented as a component of comprehensive income or loss in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

Note 14. Restructuring Expenses

In April 2022, as part of an initiative to refine the Company’s go to market strategy, the Company recognized an aggregate of $1.9 million in expenses primarily associated with employee severance benefits that were classified in selling, general and administrative expenses in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

RVL PHARMACEUTICALS PLC

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

Note 15. Indefinite-Lived Intangible Assets

Subsequent to the divestiture of the Legacy Business in 2021, the Company retained the rights to arbaclofen ER tablets which had been under development for the alleviation of signs and symptoms of spasticity resulting from multiple sclerosis for which the Company had completed Phase III clinical trials and for which the Company has been exploring opportunities to divest, out-license or otherwise partner with a third party to monetize its net investment (see Note 3).

At December 31, 2022 and 2021, the Company held indefinite-lived intangible assets for the right to develop and sell arbaclofen ER that had a gross recognized carrying value of $64.0 million at each date, aggregate impairment losses of $50.1 million and $36.8 million, respectively, and a net carrying amount of $13.9 million and $27.2 million, respectively.

During the fourth quarter of 2022, the Company, having received a potentially adverse response letter from the U.S. Food and Drug Administration ("FDA") subsequent to an October 10, 2022 filing of a new Special Protocol Assessment ("SPA"), performed a quantitative impairment assessment and concluded that the arbaclofen ER intangible asset was impaired. Accordingly, the Company recognized an impairment charge of $13.3 million during the three months ended December 31, 2022, related to a further delay and potentially increased costs in anticipated commercialization of arbaclofen ER, if approved.

On February 8, 2023, the Company resubmitted a SPA to the FDA with a revised study protocol and statistical analysis. On March 27, 2023, the Company secured the approval of the FDA for its revised SPA, thereby enabling the Company to recommence its efforts to divest or out-license arbaclofen ER or otherwise partner with a third party with respect to arbaclofen ER.

During the second quarter of 2023, due to the Company's inability to independently develop the technology and its discontinuation of marketing efforts, management concluded the asset had been abandoned and therefore fully impaired the asset and recognized an impairment charge of $13.9 million during the three and six months ended June 30, 2023.

Note 16. Subsequent Events

On August 13, 2023, the Company entered into a third amendment (the "Third Amendment") to the Note Purchase Agreement with, among others, the Purchasers and the Administrative Agent, which provides for changes to a variety of terms and conditions, with the effectiveness of such changes being subject to the Company's consummation of offerings generating minimum aggregate proceeds to the Company of $30 million by November 17, 2023, with $10 million (or $9 million, under certain circumstances) to be consummated on or before August 25, 2023 (the "First Step Amount") and the remainder between August 26, 2023 and November 17, 2023 (the "Second Step Amount"). Upon receipt of the First Step Amount, the Third Amendment provides for the lowering of the minimum quarterly net sales threshold by $1 million for the quarterly period ending September 30, 2023. Upon receipt of both the First Step Amount and the Second Step Amount, the Third Amendment provides for the extension of the commencement of quarterly amortization payments, currently due commencing March 31, 2024, to March 31, 2025. Refer to Note 7 for more information on the Company's indebtedness.

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

The statements in the discussion and analysis regarding industry outlook, our expectations regarding the performance of our business and the forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by any forward-looking statements. You should read the following discussion together with our audited consolidated financial statements, and related notes thereto, appearing in our Annual Report on Form 10-K and our unaudited condensed consolidated financial statements, and related notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q. All references to years, unless otherwise noted, refer to our fiscal years, which end on December 31. This discussion and analysis is based upon the historical financial statements of RVL Pharmaceuticals plc and subsidiaries.

Overview

We are a specialty pharmaceutical company focused on the development and commercialization of products that target markets with underserved patient populations.

In July 2020, we received regulatory approval from the FDA for RVL-1201, or Upneeq, (oxymetazoline hydrochloride ophthalmic solution), 0.1%, for the treatment of acquired blepharoptosis, or droopy or low-lying eyelids in adults. Upneeq was commercially launched in September 2020 to a limited number of eye care professionals with commercial operations expanded in 2021 among ophthalmology, optometry and oculoplastic specialties. In February 2022, Upneeq was commercially expanded into the medical aesthetics market in the United States.

On August 27, 2021, we closed the divestiture of our portfolio of branded and non-promoted products and our Marietta, Georgia manufacturing facility (the "Legacy Business") to certain affiliates of Alora Pharmaceuticals ("Alora"). Pursuant to the divestiture, we retained the rights to Upneeq and to arbaclofen extended release ("ER") tablets which had been under development for the alleviation of signs and symptoms of spasticity resulting from multiple sclerosis for which we had completed Phase III clinical trials and for which we have been exploring opportunities to divest, out-license or otherwise partner with a third party to monetize our net investment.

Our commercial operations are conducted by our wholly-owned subsidiaries, RVL Pharmaceuticals, Inc. and RVL Pharmacy, LLC ("RVL Pharmacy"). RVL Pharmacy conducts pharmacy operations dedicated to the processing and fulfillment of prescriptions for Upneeq.

Components of Results of Operations

Refer to our Annual Report on Form 10-K for a complete description of the components of our results of operations. The following disclosure is intended to supplement such description with respect to our net product sales.

Net product sales—Our net product revenues consist of sales of Upneeq. RVL Pharmacy ships Upneeq to patients pursuant to prescriptions; however, in certain cases where its state pharmacy licenses are pending, prescriptions are fulfilled by a third-party pharmacy partner. We collectively refer to these sales as Pharmacy sales. Additionally, Upneeq is sold directly to practitioners in certain states which permit physicians to dispense Upneeq in their offices or directly to telemedicine partners with established channels to diagnose patients online and prescribe and ship directly to appropriate patients. We collectively refer to these sales as Direct Dispense sales. Finally, Upneeq is also available for sale to practitioners who are otherwise unable to provide Upneeq directly to patients from their offices, to purchase case quantities of Upneeq and charge their patients for the product, with patient prescriptions ultimately processed by and dispensed from RVL Pharmacy. We collectively refer to these sales as Virtual Inventory sales. Predominately, we collect payment in advance from our customers. From time to time, we may invoice a customer after the products have been delivered in which case payments are typically due within 30 days. We recognize revenue when control has transferred to the end customer, which is typically upon delivery to the patient in the case of Pharmacy sales, the practitioner in the case of Direct Dispense sales or the patient in the case of Virtual Inventory sales.

Results of Operations

Comparison of Three Months Ended June 30, 2023 and 2022

Financial Operations Overview

The following table presents revenues and expenses for the periods indicated (dollars in thousands):

	Three Months Ended June 30,		
	2023	2022	% Change
Net product sales	$ 8,258	$ 8,448	(2)%
Cost of goods sold	1,946	2,227	(13)%
Gross profit, net product sales	6,312	6,221	1 %
Gross profit percentage, net product sales	76 %	74 %	
Selling, general and administrative expenses	13,886	20,169	(31)%
Research and development expenses	547	1,176	(53)%
Impairment of intangible assets	13,900	—	NM %
Total operating expenses	28,333	21,345	33 %
Operating loss	(22,021)	(15,124)	46 %
Interest expense and amortization of debt discount	13	978	(99)%
Change in fair value of debt and interest expense	3,144	(740)	(525)%
Change in fair value of warrants	(805)	(3,455)	(77)%
Other non-operating income, net	(371)	(78)	376 %
Total other non-operating expense (income)	1,981	(3,295)	(160)%
Loss before income taxes	(24,002)	(11,829)	103 %
Income tax (benefit) expense	(113)	277	(141)%
Net loss	(23,889)	(12,106)	97 %

NM-Not Meaningful

Net Product Sales

Net product sales, relating entirely to sales of Upneeq, decreased by $0.1 million to $8.3 million in the three months ended June 30, 2023, as compared to $8.4 million in the three months ended June 30, 2022. The year over year decrease in net product sales was primarily attributable to a decrease in sales volume partially offset by nominally higher pricing partly attributable to a price increase implemented during April 2022. For the three months ended June 30, 2023, one customer accounted for 12% of our net product sales.

Cost of Goods Sold

The following table presents a breakdown of total cost of goods sold for the periods indicated (dollars in thousands):

	Three Months Ended June 30,		
	2023	2022	% Change
Royalty expense	$ 542	751	(28)%
Depreciation expense	15	14	7 %
Other costs of goods sold	1,389	1,462	(5)%
Total costs of goods sold	$ 1,946	$ 2,227	(13)%

Total cost of goods sold, which relate exclusively to net product sales, decreased by $0.3 million to $1.9 million in the three months ended June 30, 2023, as compared to $2.2 million in the three months ended June 30, 2022. The year over year decrease in total cost of goods sold was primarily driven by lower sales volumes and royalty expense, inclusive of contingent earn out obligations particular to the 2022 period.

Gross Profit Percentage, Net Product Sales

Gross profit percentage from net product sales was 76% and 74% in the 2023 and 2022 periods, respectively, primarily reflecting lower royalty expense, inclusive of contingent earn out obligations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $6.3 million to $13.9 million in the three months ended June 30, 2023, as compared to $20.2 million in the three months ended June 30, 2022. The year over year decrease in selling, general and administrative expenses was primarily driven by (i) $4.2 million in lower net compensation and training costs primarily relating to the absence of an eye care salesforce in the 2023 period, (ii) $0.9 million in lower insurance, rent, legal and other professional fees, (iii) $0.8 million in lower share-based compensation, and (iv) $0.2 million in lower marketing expenses for Upneeq.

Selling, general and administrative expenses include various restructuring related expenditures, including severance, of $1.9 million in the three months ended June 30, 2022 and non-cash share-based compensation expenses of $0.2 million and $1.0 million, in the three months ended June 30, 2023 and 2022, respectively. Refer to Notes 14, “Restructuring Expenses,” and 8, “Share-Based Compensation,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Research and Development Expenses

The following table summarizes our research and development (“R&D”) expenses incurred for the periods indicated (dollars in thousands):

	Three Months Ended June 30,		
	2023	2022	% Change
Arbaclofen ER	$ —	$ 86	(100)%
RVL-1201 (Upneeq)	16	183	(91)%
Other research and development	531	907	(41)%
Total research and development expenses	$ 547	$ 1,176	(53)%

R&D expenses decreased by $0.7 million to $0.5 million in the three months ended June 30, 2023, as compared to $1.2 million in the three months ended June 30, 2022. The year over year decrease in R&D expenses primarily reflects $0.3 million in lower project spending and $0.2 million in lower share-based compensation expense.

R&D expenses include non-cash share-based compensation expenses of less than $0.1 million and $0.2 million in the three months ended June 30, 2023 and 2022, respectively.

Impairment of Intangible Asset

During the three months ended June 30, 2023 and following our discontinuance of marketing efforts associated with arbaclofen ER, an In-Process Research and Development project-based intangible asset, we recognized impairment charges of $13.9 million. No such impairments were recognized in the three months ended June 30, 2022.

Refer to Note 15, “Indefinite-Lived Intangible Assets,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our current year impairment.

Interest Expense and Amortization of Debt Discount

Interest expense and amortization of debt discount decreased by $1.0 million to less than $0.1 million in the three months ended June 30, 2023, as compared to $1.0 million in the three months ended June 30, 2022, as a result of our recognition of $0.9 million of amortization expense from the second tranche financial commitment asset, particular to the 2022 period.

Beginning in the fourth quarter of 2021, our recognition of interest expense on our Senior Secured Notes is classified within the separate caption titled “Change in fair value of debt and interest expense” pursuant to our elections related to fair value accounting (see “Change in Fair Value of Debt and Interest Expense and Change in Fair Value of Warrants” section below).

Refer to Note 7, “Financing Arrangements,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our indebtedness.

Change in Fair Value of Debt and Interest Expense and Change in Fair Value of Warrants

Changes in the fair value of our Senior Secured Notes and warrants resulted in losses of $3.1 million and gains of $0.8 million, respectively, in the three months ended June 30, 2023 and resulted in gains of $0.7 million and $3.5 million, respectively, in the three months ended June 30, 2022. Changes in the fair value of our Senior Secured Notes included $2.1 million and $1.4 million of related interest expense in the three months ended June 30, 2023 and 2022, respectively.

Refer to Note 13, “Financial Instruments and Fair Value Measurements,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our recurring fair value measurements.

Other Non-operating Income, Net

Other non-operating income, net was $0.4 million and less than $0.1 million in the three months ended June 30, 2023 and 2022, respectively. Non-operating income in the 2023 period was primarily attributable to interest income earned on cash and cash equivalents.

Income Tax (Benefit) Expense

The following table summarizes our income tax (benefit) expense and the effective income tax rate for the periods indicated (dollars in thousands):

	Three Months Ended June 30,	
	2023	2022
Loss before income taxes	$ (24,002)	$ (11,829)
Income tax (benefit) expense	(113)	277
Effective income tax rate	0.47 %	(2.34)%

The change in the effective income tax rate in the three months ended June 30, 2023 when compared to the three months ended June 30, 2022, is primarily related to our recognition of individually minor net tax expenses and benefits during the respective periods.

Refer to Note 12, “Income Taxes,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on income taxes.

Comparison of Six Months Ended June 30, 2023 and 2022

Financial Operations Overview

The following table presents revenues and expenses for the periods indicated (dollars in thousands):

	Six Months Ended June 30,		
	2023	2022	% Change
Net product sales	$ 17,090	$ 14,392	19 %
Royalty and licensing revenue	—	15,500	(100)%
Total revenues	17,090	29,892	(43)%
Cost of goods sold	4,245	4,371	(3)%
Gross profit, aggregated	12,845	25,521	(50)%
Gross profit percentage, aggregated	75 %	85 %	
Gross profit, net product sales	12,845	10,021	28 %
Gross profit percentage, net product sales	75 %	70 %	
Selling, general and administrative expenses	30,084	44,003	(32)%
Research and development expenses	1,173	2,038	(42)%
Impairment of intangible assets	13,900	—	NM %
Total operating expenses	45,157	46,041	(2)%
Operating loss	(32,312)	(20,520)	57 %
Interest expense and amortization of debt discount	39	1,963	(98)%
Change in fair value of debt and interest expense	10,493	304	3,352 %
Change in fair value of warrants	(1,482)	1,053	(241)%
Other non-operating income, net	(5,806)	(5,115)	14 %
Total other non-operating expense (income)	3,244	(1,795)	(281)%
Loss before income taxes	(35,556)	(18,725)	90 %
Income tax (benefit) expense	(55)	202	(127)%
Net loss	$ (35,501)	$ (18,927)	88 %

NM-Not Meaningful

Revenues

The following table presents total revenues for the periods indicated (dollars in thousands):

	Six Months Ended June 30,		
	2023	2022	% Change
Net product sales - Upneeq	$ 17,090	$ 14,392	19 %
Royalty and licensing revenue	—	15,500	(100)%
Total revenues	$ 17,090	$ 29,892	(43)%

Total Revenues. Total revenues decreased by $12.8 million to $17.1 million in the six months ended June 30, 2023, as compared to $29.9 million in the six months ended June 30, 2022, primarily due to an absence of licensing revenue from Santen during 2023, partially offset by a year-over-year increase in net product sales. For the six months ended June 30, 2023, one customer accounted for 11% of our total revenues.

Net Product Sales. Net product sales, relating entirely to sales of Upneeq, increased by $2.7 million to $17.1 million in the six months ended June 30, 2023, as compared to $14.4 million in the six months ended June 30, 2022. The increase in net product sales was primarily attributable to a year over year increase in sales volume reflecting expanded commercialization into the medical aesthetics market in February 2022 and into telemedicine in the second half of 2022.

Royalty and Licensing Revenue. Royalty and licensing revenue were $15.5 million in the six months ended June 30, 2022, reflecting milestone revenues recognized under our License Agreement with Santen. See Note 4, “Revenues,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our License Agreement with Santen. There was no royalty and licensing revenue in the six months ended June 30, 2023.

Cost of Goods Sold

The following table presents a breakdown of total cost of goods sold for the periods indicated (dollars in thousands):

	Six Months Ended June 30,		
	2023	2022	% Change
Royalty expense	$ 1,122	$ 1,469	(24)%
Depreciation expense	30	28	7 %
Other costs of goods sold	3,093	2,874	8 %
Total costs of goods sold	$ 4,245	$ 4,371	(3)%

Total cost of goods sold, which relate exclusively to net product sales, decreased by $0.2 million to $4.2 million in the six months ended June 30, 2023, as compared to $4.4 million in the six months ended June 30, 2022. The year over year decrease in cost of goods sold was primarily driven by $0.5 million in contingent earn out obligations particular to the 2022 period, partially offset by higher product costs for Upneeq due to higher sales volumes.

Gross Profit Percentage

Gross profit percentage, aggregated decreased to 75% in the six months ended June 30, 2023, as compared to 85% in the 2022 period, largely due to unique licensing revenue from Santen recognized during the 2022 period. Excluding royalty and licensing revenues, gross profit percentage from net product sales was 75% and 70% in the 2023 and 2022 periods, respectively, reflecting lower royalty expense, inclusive of contingent earn out obligations, and improved overhead absorption driven by higher volumes.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $13.9 million to $30.1 million in the six months ended June 30, 2023, as compared to $44.0 million in the six months ended June 30, 2022. The year over year decrease in selling, general and administrative expenses was primarily driven by (i) $9.5 million in lower net compensation and training costs primarily relating to the absence of an eye care salesforce in the 2023 period, (ii) $2.5 million in lower insurance, rent, legal and other professional fees, (iii) $1.3 million in lower share-based compensation, and (iv) $0.6 million in lower marketing expenses for Upneeq.

Selling, general and administrative expenses include various restructuring related expenditures, including severance, of $1.9 million in the six months ended June 30, 2022 and non-cash share-based compensation expenses of $0.8 million and $2.1 million in the six months ended June 30, 2023 and 2022, respectively. Refer to Notes 14, “Restructuring Expenses,” and 8, “Share-Based Compensation,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Research and Development Expenses

The following table summarizes our R&D expenses incurred for the periods indicated (dollars in thousands):

	Six Months Ended June 30,		
	2023	2022	% Change
Arbaclofen ER	$ 54	$ 138	(61)%
RVL-1201 (Upneeq)	151	208	(27)%
Other research and development	968	1,692	(43)%
Total research and development expenses	$ 1,173	$ 2,038	(42)%

R&D expenses decreased by $0.8 million to $1.2 million in the six months ended June 30, 2023, as compared to $2.0 million in the six months ended June 30, 2022. The year over year decrease in R&D expenses primarily reflects $0.4 million in lower compensation and project spending and $0.3 million in lower share-based compensation expense.

R&D expenses include non-cash share-based compensation benefit of less than $0.1 million and expense of $0.3 million in the six months ended June 30, 2023 and 2022, respectively.

Impairment of Intangible Asset

During the three months ended June 30, 2023 and following our discontinuance of marketing efforts associated with arbaclofen ER, an In-Process Research and Development project-based intangible asset, we recognized impairment charges of $13.9 million. No such impairments were recognized in the six months ended June 30, 2022.

Refer to Note 15, “Indefinite-Lived Intangible Assets,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our current year impairment.

Interest Expense and Amortization of Debt Discount

Interest expense and amortization of debt discount decreased by $2.0 million to less than $0.1 million in the six months ended June 30, 2023, as compared to $2.0 million in the six months ended June 30, 2022, as a result of our recognition of $1.9 million of amortization expense from the second tranche financial commitment asset, particular to the 2022 period.

Beginning in the fourth quarter of 2021, our recognition of interest expense on our Senior Secured Notes is classified within the separate caption titled “Change in fair value of debt and interest expense” pursuant to our elections related to fair value accounting (see “Change in Fair Value of Debt and Interest Expense and Change in Fair Value of Warrants” section below).

Refer to Note 7, “Financing Arrangements,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our indebtedness.

Change in Fair Value of Debt and Interest Expense and Change in Fair Value of Warrants

Changes in the fair value of our Senior Secured Notes and warrants resulted in losses of $10.5 million and gains of $1.5 million, respectively, in the six months ended June 30, 2023 and resulted in losses of $0.3 million and $1.1 million, respectively, in the six months ended June 30, 2022. Changes in the fair value of our Senior Secured Notes included $4.4 million and $2.9 million of related interest expense in the six months ended June 30, 2023 and 2022, respectively.

Refer to Note 13, “Financial Instruments and Fair Value Measurements,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our recurring fair value measurements.

Other Non-operating Income, Net

Other non-operating income, net was $5.8 million and $5.1 million in the six months ended June 30, 2023 and 2022, respectively. Non-operating income in each of the 2023 and 2022 periods was attributable to our receipt of an aggregate of $5.0 million in cash from Alora related to contingent milestone payments earned in connection with the sale of the Legacy Business.

Refer to Note 7, “Financing Arrangements,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on the Alora contingent milestone payments and our uses of such proceeds.

Income Tax (Benefit) Expense

The following table summarizes our income tax (benefit) expense and the effective income tax rate for the periods indicated (dollars in thousands):

	Six Months Ended June 30,	
	2023	2022
Loss before income taxes	$ (35,556)	$ (18,725)
Income tax (benefit) expense	(55)	202
Effective income tax rate	0.15 %	(1.08)%

The change in the effective income tax rate in the six months ended June 30, 2023 when compared to the six months ended June 30, 2022, is primarily related to our recognition of individually minor net tax expenses and benefits during the respective periods.

Refer to Note 12, “Income Taxes,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on income taxes.

Liquidity and Capital Resources

Our principal sources of liquidity are cash and cash equivalents and borrowings available under our Note Purchase Agreement (as amended, the “Amended Note Purchase Agreement”). Our primary uses of cash are to fund operating expenses, including commercialization costs associated with Upneeq, capital expenditures, and debt service payments.

Our Amended Note Purchase Agreement provides for the issuance of Senior Secured Notes in an aggregate principal amount of up to $100.0 million in three separate tranches. The first tranche of Senior Secured Notes was issued in an aggregate principle amount equal to $55.0 million on October 12, 2021. The second tranche of Senior Secured Notes was issued in an aggregate principle amount equal to $20.0 million on August 8, 2022. At any time prior to April 15, 2023, upon the satisfaction of certain conditions, we were entitled to request the issuance of the third tranche Senior Secured Notes in an aggregate principal amount of up to $25.0 million. Such conditions were not met and, effective April 15, 2023, the related commitment to issue third tranche Senior Secured Notes expired. In the six months ended June 30, 2023, we prepaid $5.0 million in satisfaction of mandatory repayment conditions required under our Amended Note Purchase Agreement, thereby reducing the outstanding principal balance of the second tranche Senior Secured Notes by $4.3 million.

The Senior Secured Notes bear interest at an annual rate of 9.0% plus adjusted three-month Term SOFR, with an adjusted Term SOFR floor of 1.50% and a cap of 3.00%, payable in cash quarterly in arrears. For the three-month interest period beginning July 1, 2023, the interest rate applicable to the aggregate outstanding Senior Secured Notes is 12.0%.

The Senior Secured Notes require quarterly repayments equal to 5.0% of the principal outstanding and beginning on March 31, 2024, with any residual balance due at maturity on October 12, 2026.

The restrictive covenants in the Amended Note Purchase Agreement require us to comply with certain minimum liquidity requirements and minimum quarterly net product sales requirements. Under the terms of the Amended Note Purchase Agreement, we are required to maintain unrestricted cash and cash equivalents greater than or equal to $12.5 million, and, as of the end of each fiscal quarter, we are required to maintain consolidated Upneeq net product sales greater than or equal to specified quarterly thresholds (currently at $9.0 million for the fiscal quarter ended September 30, 2023, and increasing in $1.0 million increments each fiscal quarter thereafter until the fiscal quarter ending June 30, 2024, for which such fiscal quarter and all subsequent fiscal quarters the threshold is $12.0 million). At June 30, 2023, the Company was in compliance with all covenants of the Amended Note Purchase Agreement.

Refer to Note 7, “Financing Arrangements,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our indebtedness.

Going Concern

At June 30, 2023, we had cash and cash equivalents of $19.2 million, an accumulated deficit of $604.7 million, and total senior secured indebtedness with aggregate principal maturities of $70.7 million, with such maturities commencing in March 2024 and extending through October 2026. In addition, our senior secured indebtedness contains various restrictive covenants including minimum liquidity and minimum quarterly net product sales requirements. Violation of any such restrictive covenants, or any other covenants of the senior secured indebtedness, would constitute an event of default, in some cases subject to a cure period, following which the lender may accelerate all amounts outstanding. For the six months ended June 30, 2023 and 2022, we incurred net losses of $35.5 million and $18.9 million, respectively, and used $17.9 million and $11.3 million, respectively, in cash from operating activities.

The divestiture of the Legacy Business in 2021 resulted in the loss of substantially all of our revenue generating assets. Our current business plan is focused on the continued commercialization and growth of Upneeq, which has and will continue to diminish our cash flows in at least the near term. We will require additional capital to fund our operating needs, including the expanded commercialization of Upneeq and other activities. We expect to incur significant expenditures and sustain operating losses in the future.

We do not believe that current sources of liquidity will be sufficient to fund our planned expenditures and meet our obligations, including the restrictive covenants, for at least 12 months following the date the accompanying unaudited condensed consolidated financial statements are issued without raising additional funding. As a result, there is a substantial doubt as to our ability to operate as a going concern. We have determined that absent the successful execution of our strategic plans described below, it is probable that we will not remain in compliance with the restrictive financial covenants through the quarterly period ending September 30, 2023, in which case our lenders would have the ability to demand repayment of all outstanding debt and we would not have sufficient funds to meet our obligations or capital to operate. Due to our projected failure to meet all covenants, our long-term indebtedness has been classified as a current liability as of June 30, 2023 in our unaudited condensed consolidated balance sheets included elsewhere in this Quarterly Report on Form 10-Q.

On August 13, 2023, the Company entered into a conditional third amendment to the Amended Note Purchase Agreement that, should it become effective, would secure, among other things, a one-year deferral of the commencement of quarterly amortization payments and an adjustment to lower the minimum quarterly net product sales requirement for the period ending September 30, 2023. Refer to Note 16, “Subsequent Events,” of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Our ability to continue as a going concern will require us to obtain additional funding, generate positive cash flow from operations by, among other things, reducing expenses and/or realizing operational efficiencies, secure a modification or waiver of the restrictive covenants, and/or enter into strategic alliances or sell assets. Our plans to address these conditions by way of securing additional funding include pursuing one or more of the following options, none of which can be guaranteed or is entirely within our control, (i) raise funds through additional sales of ordinary shares, through equity sales agreements with brokers/dealers or other public or private equity financings, (ii) raise funds through borrowings under new and/or existing debt facilities and/or convertible debt, and/or (iii) raise non-dilutive funds through product collaborations, including co-promotions, and/or to partner or sell a portion or all rights to any of our assets.

There can be no assurance that we will receive cash proceeds from any of these potential sources or, to the extent cash proceeds are received, such proceeds would be sufficient to support our current operating plan for at least the next 12 months from the date the accompanying unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q are issued. The sale of additional equity or convertible debt securities may result in dilution to our shareholders. If we raise additional funds through the issuance of debt securities or preferred shares, these securities could provide for rights senior to those of our ordinary shares and could contain covenants that would further restrict our operations. Additional funds may not be available when we need them, on terms that are acceptable to us, or at all.

The accompanying unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business, and therefore do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

Cash Flows

The following table provides information regarding our cash flows for the periods indicated (in thousands):

	Six Months Ended June 30,		
	2023	2022	$ Change
Net cash used in operating activities	$ (17,880)	$ (11,280)	$ (6,600)
Net cash (used in) provided by investing activities	(2,184)	67	(2,251)
Net cash used in financing activities	(5,320)	(1,818)	(3,502)
Net decrease in cash and cash equivalents	$ (25,384)	$ (13,031)	$ (12,353)

Net cash from operating activities

Cash flows from operating activities are primarily driven by earnings from operations (excluding the impact of non-cash items), the timing of cash receipts and disbursements related to accounts receivable and accounts payable and the timing of inventory transactions and changes in other working capital amounts. Net cash used in operating activities was $17.9 million and $11.3 million in the six months ended June 30, 2023 and 2022, respectively. The overall higher cash used in operating activities during the 2023 period was primarily attributable to comparatively greater use of cash from changes in operating assets and liabilities, most notably from trade accounts payable and accrued expenses.

Net cash from investing activities

Net cash used in investing activities was $2.2 million in the six months ended June 30, 2023, primarily attributable to purchases of property, plant and equipment relating to a planned rollout of our next-generation e-commerce portal in the second half of 2023.

Net cash from financing activities

Net cash used in financing activities of $5.3 and $1.8 million in the six months ended June 30, 2023 and 2022, respectively, largely reflects the repayments of second tranche Senior Secured Notes and insurance financing loans in each period.

Refer to Note 7, “Financing Arrangements,” of our unaudited condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on the above referenced financing activities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes to the disclosures about market risk included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures.

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2023, our Principal Executive Officer and Principal Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The information under the caption entitled "Legal Proceedings" set forth in Note 11, "Commitments and Contingencies," in the accompanying notes to the unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors.

Except as set forth below, there have been no material changes from the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2022.

Our ability to continue our operations requires that we raise additional capital and our operations could be curtailed or discontinued if we are unable to obtain the additional funding as or when needed.

The divestiture of the Legacy Business in 2021 resulted in the loss of substantially all of our revenue generating assets. Our current business plan is focused on the continued commercialization and growth of Upneeq, which has and will continue to diminish our cash flows in at least the near term. We will require additional capital to fund our operating needs, including the expanded commercialization and growth of Upneeq and other activities. Accordingly, we expect to incur significant expenditures and sustain operating losses in the future.

In addition, the documentation governing our primary indebtedness contains various restrictive covenants including minimum liquidity and minimum quarterly product sales requirements. We have determined that absent the successful execution of our strategic plans described below it is probable that we will not remain in compliance with the restrictive covenants through the quarterly period ending September 30, 2023, in which case our lenders would have the ability to demand repayment of all outstanding debt and we would not have sufficient funds to meet our obligations or capital to operate. Refer to Note 7, "Financing Arrangements," of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our indebtedness..

These conditions give rise to a substantial doubt as to our ability to operate as a going concern as our current sources of liquidity will not be sufficient to allow us to meet our obligations, including the minimum liquidity covenant, for at least 12 months following the date the accompanying unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q are issued without raising additional funding.

Our ability to continue as a going concern will require us to obtain additional funding, generate positive cash flow from operations and/or enter into strategic alliances or sell assets. We are exploring options to raise additional funding and may seek to raise additional capital through product collaborations or sales of our ordinary shares, including through equity sales agreements with broker/dealers or other public or private equity financings, convertible debt or through a sale of a portion or all rights to any of our assets. We cannot provide assurance that we will receive cash proceeds from any of these potential sources or to the extent cash proceeds are received, that such proceeds would be sufficient to support our current operating plan or allow us to continue as a going concern. Additional funds may not be available when we need them on terms that are acceptable to us or at all and the terms of any such financings may impose operating restrictions on us that limit or restrict our ability to operate our business, which could adversely affect our ability to continue and grow the commercialization of Upneeq and other activities on our intended timeline or at all.

To the extent that we raise additional capital through the sale of convertible debt securities or equity, including through our existing at-the-market equity facility, the ownership interests of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our ordinary shareholders. In addition, under U.S. securities laws, a company with a public float of less than $75 million measured at certain time periods may not issue securities under Registration Statements on Form S-3 in excess of one-third of its public float in a 12-month period, which may limit the amount of funds we can raise using Registration Statements on Form S-3. For purposes of the prior sentence, “public float” means the aggregate market value of a company’s shares held by non-affiliates.

Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, debt financing would result in increased fixed payment obligations. For information about our current outstanding debt, see Note 7 in the accompanying notes to our unaudited condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

If we cannot comply with Nasdaq’s continued listing standards, our ordinary shares could be delisted, which would harm our business, the trading price of our ordinary shares, our ability to raise additional capital and the liquidity of the market for our ordinary shares.

Our ordinary shares are currently listed on The Nasdaq Global Select Market. To maintain the listing of our ordinary shares on The Nasdaq Global Select Market, we are required to meet certain listing requirements, including related to the price of our ordinary shares. As previously disclosed, on June 2, 2023, we received a written notice, or the Notice, from the Listing Qualifications Department of the Nasdaq Stock Market, or Nasdaq, notifying us that, based on the closing bid price of our ordinary shares for 30 consecutive business days, we no longer complied with the minimum bid price requirement for continued listing on The Nasdaq Global Select Market.

Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), we have been provided an initial compliance period of 180 calendar days from receipt of the Notice, or until November 29, 2023, to regain compliance with the minimum bid price requirement. To regain compliance, the bid price for our ordinary shares would need to close at $1.00 per share or more for a minimum of 10 consecutive business days by November 29, 2023, among other requirements. If we are unable to meet Nasdaq’s listing maintenance standards for any reason, our ordinary shares could be delisted from The Nasdaq Global Select Market. We are currently evaluating our alternatives to resolve this listing deficiency, such as, subject to

approval of our Board of Directors and shareholders, implementing a reverse share split. However, there can be no assurance that a reverse share split would be approved or would result in a sustained higher share price that would allow us to meet the Nasdaq share price listing requirements. If our ordinary shares were delisted, we could seek to list our ordinary shares on The Nasdaq Capital Market or trade our ordinary shares on the OTC Markets. Listing on such other market or exchange could reduce the liquidity of our ordinary shares, impede our ability to raise capital and constitute an event of default under our Amended Note Purchase Agreement.

We may not be successful in identifying and implementing any strategic alternatives, and any strategic transactions that we may consummate in the future could have negative consequences.

We are continuing to evaluate certain strategic alternatives for the Company, including discussions to merge with and/or acquire other companies and/or enter into strategic alliances or partnerships. There can be no assurance, however, that we will be able to successfully consummate any particular strategic transaction or that any transaction, if pursued, will be completed on attractive terms, within the anticipated timing, or at all. The process of continuing to evaluate strategic transactions may be very costly, time-consuming and complex and we have incurred, and may in the future incur, significant costs related to this continued evaluation, such as legal fees and expenses and other related charges. We may also incur additional unanticipated expenses in connection with this process. Any such expenses will decrease the remaining cash available for use in our business. Additionally, the negotiation and consummation of any such transaction will require significant time on the part of our management, and the diversion of management's attention may disrupt our business.

In addition, any strategic transactions that we may consummate in the future could have a variety of negative consequences and we may implement a course of action or consummate a transaction that yields unexpected results that adversely affects our business and decreases the remaining cash available for use in our business or the execution of our strategic plan. There can be no assurances that any particular course of action, business arrangement or transaction, or series of transactions, will be pursued, successfully consummated, lead to increased shareholder value, or achieve the anticipated results. Any potential transaction would be dependent on a number of factors that may be beyond our control, including, among other things, market conditions, industry trends, the interest of third parties in a potential transaction with us, obtaining shareholder approval and the availability of financing to third parties in a potential transaction with us on reasonable terms. Any failure of such potential transaction to achieve the anticipated results could significantly impair our ability to enter into any future strategic transactions and may significantly diminish or delay any future distributions to our shareholders.

Our ability to use our net operating losses to offset taxable income may be subject to certain limitations.

As of December 31, 2022, we had federal net operating loss carryforwards of $70.2 million, state net operating loss carryforwards of $139.2 million, net operating loss carryforwards in certain foreign tax jurisdictions of $109.9 million which will begin to expire in 2026 and total tax credit carryforwards of $8.6 million, primarily consisting of Federal Orphan Drug Tax Credits, which will begin to expire in 2036. We also had federal capital loss carryforwards of $95.8 million at December 31, 2022, which will expire in 2026.

Our ability to use our net operating losses and other tax attributes may be subject to limitations including under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code. In general, under Section 382 of the Code and corresponding provisions of state law, a corporation that undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain shareholders over a three-year period, is subject to limitations on its ability to utilize its pre-change U.S. net operating losses, research and development tax credit carryforwards and disallowed interest expense carryforwards to offset future taxable income. We may experience ownership changes (including as a result of future share issuances or as a result of subsequent changes in our share ownership (which may be outside our control)). As a result, if, and to the extent that, we earn net taxable income, our ability to use our pre-change U.S. net operating losses and other tax attributes to offset such taxable income may be subject to such limitations.

Item 6. Exhibits.

EXHIBIT 10.1	-	Third Amendment to Note Purchase Agreement, dated August 13, 2023, by and among RevitaLid Pharmaceutical Corp., the Guarantors party thereto, the Purchasers party thereto and Athyrium Opportunities IV Acquisition LP, as the Administrative Agent
EXHIBIT 31.1	-	Principal Executive Officer and Principal Financial Officer Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
EXHIBIT 32.1	-	Principal Executive Officer and Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
EXHIBIT 101.INS	-	Inline XBRL Instance Document.
EXHIBIT 101.SCH	-	Inline XBRL Taxonomy Extension Schema Document.
EXHIBIT 101.CAL	-	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
EXHIBIT 101.DEF	-	Inline XBRL Taxonomy Extension Definition Linkbase Document.
EXHIBIT 101.LAB	-	Inline XBRL Taxonomy Extension Label Linkbase Document.
EXHIBIT 101.PRE	-	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
EXHIBIT 104		Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.)

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.

RVL Pharmaceuticals plc

Dated: August 14, 2023

By: /s/ Brian Markison
Brian Markison
Chief Executive Officer and Principal Financial Officer

Exhibit 10.1

Execution Version

THIRD AMENDMENT TO NOTE PURCHASE AGREEMENT

THIS THIRD AMENDMENT TO NOTE PURCHASE AGREEMENT (this "Agreement") dated as of August 13, 2023 (the "Third Amendment Effective Date") is entered into by and among REVITALID PHARMACEUTICAL CORP. (f/k/a OSMOTICA PHARMACEUTICAL CORP.), a Delaware corporation (the "Issuer"), the Guarantors party hereto, the Purchasers party hereto and ATHYRIUM OPPORTUNITIES IV ACQUISITION LP, as the Administrative Agent. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Note Purchase Agreement (as defined below).

RECITALS

WHEREAS, the Issuer, the Guarantors, the Purchasers from time to time party thereto and the Administrative Agent have entered into that certain Note Purchase Agreement dated as of October 1, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Note Purchase Agreement"); and

WHEREAS, the Credit Parties have requested certain modifications to the Note Purchase Agreement and the Purchasers have agreed to the requested modifications on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Note Purchase Agreement.

(a) Subject to satisfaction of the conditions precedent set forth in Sections 2 and 3 of this Agreement set forth below (it being understood, for the avoidance of doubt, that the amendments set forth in this Section 1(a) shall not be effective unless and until such conditions precedent have been satisfied), the Note Purchase Agreement is hereby amended as follows:

(i) The definition of "Sanction(s)" in Section 1.01 of the Note Purchase Agreement is hereby amended by replacing the text "Her Majesty" therein with the text "His Majesty".

(ii) Section 8.17(a) of the Note Purchase Agreement is hereby amended by replacing the text "$9,000,000" therein with the text "$8,000,000".

(b) Subject to satisfaction of the conditions precedent set forth in Sections 2, 3, and 4 of this Agreement set forth below (it being understood, for the avoidance of doubt, that the amendments set forth in this Section 1(b) shall not be effective unless and until such conditions precedent have been satisfied), the Note Purchase Agreement is hereby amended as follows:

(i) Section 2.03(a) of the Note Purchase Agreement is hereby amended by replacing each reference to "March 31, 2024" therein with the text "March 31, 2025".

(ii) Section 2.03(b)(v) of the Note Purchase Agreement is hereby amended by replacing each reference to "March 31, 2024" therein with the text "March 31, 2025".

(iii) The table in Section 2.05(a) of the Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

Payment Dates	Principal Amortization Payment (% of Aggregate Principal Amount of First Tranche Notes Outstanding on March 31, 2025)
March 31, 2025	8.33%
June 30, 2025	8.33%
September 30, 2025	8.33%
December 31, 2025	8.33%
March 31, 2026	8.33%
June 30, 2026	8.33%
Maturity Date	Outstanding Principal Balance Of First Tranche Notes

(iv) The table in Section 2.05(b) of the Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

Payment Dates	Principal Amortization Payment (% of Aggregate Principal Amount of Second Tranche Notes Outstanding on March 31, 2025)
March 31, 2025	8.33%
June 30, 2025	8.33%
September 30, 2025	8.33%
December 31, 2025	8.33%
March 31, 2026	8.33%
June 30, 2026	8.33%
Maturity Date	Outstanding Principal Balance Of Second Tranche Notes

(v) The table in Section 2.05(c) of the Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

Payment Dates	Principal Amortization Payment (% of Aggregate Principal Amount of Third Tranche Notes Outstanding on March 31, 2025)
March 31, 2025	8.33%
June 30, 2025	8.33%
September 30, 2025	8.33%
December 31, 2025	8.33%
March 31, 2026	8.33%
June 30, 2026	8.33%
Maturity Date	Outstanding Principal Balance Of Third Tranche Notes

2. Conditions Precedent to Effectiveness of Agreement. This Agreement shall be effective upon satisfaction of the following conditions precedent:

(a) receipt by the Administrative Agent of counterparts of this Agreement duly executed by the Credit Parties, the Purchasers and the Administrative Agent; and

(b) the Issuer shall have paid all reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent required to be paid pursuant to Section 11.04(a) of the Note Purchase Agreement and all reasonable and documented due diligence expenses of the Administrative Agent and the Purchasers, in each case, incurred to the Third Amendment Effective Date, plus such additional amounts of such reasonable and documented fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided, that, such estimate shall not thereafter preclude a final settling of accounts between the Issuer and the Administrative Agent).

3. Conditions Precedent to Effectiveness of Amendments Set Forth in Section 1(a) of this Agreement. The amendments set forth in Section 1(a) of this Agreement shall be effective upon satisfaction of the following conditions precedent on or prior to August 25, 2023 (or such later date as the Administrative Agent and the Issuer shall agree to in writing):

(a) the conditions precedent set forth in Section 2 of this Agreement shall have been satisfied on or prior to such date;

(b) Super Holdings shall have received aggregate gross cash proceeds of at least $10,000,000 (or, if lower, the maximum amount then permitted to be issued by Super Holdings pursuant to the rules and regulations promulgated by the SEC and NASDAQ; provided, that, in order for the condition precedent set forth in this clause (b) to be satisfied, in no event shall such aggregate gross cash proceeds be less than $9,000,000, notwithstanding the text in this parenthetical which precedes this proviso) (such amount of gross cash proceeds, the "First Step Amount") from the issuance of its Qualified Capital Stock after the Third Amendment Effective Date;

(c) the Administrative Agent shall have received a certificate of a Responsible Financial Officer of the Issuer, in form and substance satisfactory to the Administrative Agent, certifying (i) as to the satisfaction of the condition set forth in clause (b) of this Section 3, (ii) that no Default or Event of Default exists as of such date and (iii) that the representations and warranties of the Issuer and each other Credit Party contained in Article VI of the Note Purchase Agreement or any other Note Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, are true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality or reference to Material Adverse Effect) on and as of such date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality or reference to Material Adverse Effect) as of such earlier date, and except that, for purposes of this Section 3(c), the representations and warranties contained in clauses (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01; and

(d) without duplication of any fees, charges and disbursements required to be paid pursuant to Section 2(b) above, the Issuer shall have paid all reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent required to be paid pursuant to Section 11.04(a) of the Note Purchase Agreement and all due diligence expenses of the

Administrative Agent and the Purchasers, in each case, incurred in connection with this Agreement and the transactions contemplated hereby, plus such additional amounts of such reasonable and documented fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided, that, such estimate shall not thereafter preclude a final settling of accounts between the Issuer and the Administrative Agent).

4. Conditions Precedent to Effectiveness of Amendments Set Forth in Section 1(b) of this Agreement. The amendments set forth in Section 1(b) of this Agreement shall be effective upon satisfaction of the following conditions precedent on or prior to November 17, 2023 (or such later date as the Administrative Agent and the Issuer shall agree to in writing):

(a) the conditions precedent set forth in Sections 2 and 3 of this Agreement shall have been satisfied on or prior to such date;

(b) Super Holdings shall have received gross cash proceeds of at least $30,000,000 (inclusive of the First Step Amount) from the issuance of its Qualified Capital Stock after the Third Amendment Effective Date;

(c) the Administrative Agent shall have received a certificate of a Responsible Financial Officer of the Issuer, in form and substance satisfactory to the Administrative Agent, certifying (i) as to the satisfaction of the condition set forth in clause (b) of this Section 4, (ii) that no Default or Event of Default exists as of such date and (iii) that the representations and warranties of the Issuer and each other Credit Party contained in Article VI of the Note Purchase Agreement or any other Note Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, are true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality or reference to Material Adverse Effect) on and as of such date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality or reference to Material Adverse Effect) as of such earlier date, and except that, for purposes of this Section 4(c), the representations and warranties contained in clauses (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01; and

(d) without duplication of any fees, charges and disbursements required to be paid pursuant to Sections 2(b) and 3(d) above, the Issuer shall have paid all reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent required to be paid pursuant to Section 11.04(a) of the Note Purchase Agreement and all due diligence expenses of the Administrative Agent and the Purchasers, in each case, incurred in connection with this Agreement and the transactions contemplated hereby, plus such additional amounts of such reasonable and documented fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided, that, such estimate shall not thereafter preclude a final settling of accounts between the Issuer and the Administrative Agent).

5. Reaffirmation. Each of the Credit Parties acknowledges and reaffirms (a) that it is bound by all of the terms of the Investment Documents to which it is a party and (b) that it is responsible for the observance and full performance of all Obligations, including without limitation, the repayment of the Notes. Furthermore, the Credit Parties acknowledge and confirm (i) that the Purchasers have performed fully all of their obligations under the Note Purchase Agreement and the other Investment Documents

arising on or before the Third Amendment Effective Date other than (x) their respective obligations specifically set forth in this Agreement and (y) such obligations that have been previously consented to or waived in writing by the Administrative Agent and (ii) that by entering into this Agreement, the Purchasers do not, except as expressly set forth herein, waive or release any term or condition of the Note Purchase Agreement or any of the other Investment Documents or any of their rights or remedies under such Investment Documents or any applicable law or any of the Obligations of the Credit Parties thereunder.

6. Release. As a material part of the consideration for the Administrative Agent and the Purchasers entering into this Agreement, the Credit Parties agree that the Administrative Agent, the Purchasers, each of their respective Affiliates and each of the foregoing Persons' respective officers, managers, members, directors, investment advisors, investment sub-advisors, legal representatives, partners, agents and employees, and their respective successors and assigns (hereinafter all of the above collectively referred to as the "Purchaser Group"), are irrevocably and unconditionally released, discharged and acquitted from any and all actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, now known or unknown, suspected or unsuspected to the extent that any of the foregoing arises from any action or failure to act under or otherwise arising in connection with the Investment Documents, in each case arising on or prior to the Third Amendment Effective Date except to the extent such actions, causes of action, claims, demands, damages and liabilities result from the gross negligence or willful misconduct of any of the Purchaser Group as determined by a court of competent jurisdiction in a final and nonappealable judgment.

7. Miscellaneous.

(a) The Note Purchase Agreement and the Obligations of the Credit Parties thereunder and under the other Investment Documents, subject to the amendments and agreements set forth in this Agreement, are hereby ratified and confirmed and shall remain in full force and effect according to their terms.

(b) The Credit Parties hereby represent and warrant as follows:

(i) Each Credit Party has taken all necessary action to authorize the execution, delivery and performance of this Agreement, as applicable.

(ii) This Agreement has been duly executed and delivered by such Credit Party and constitutes such Credit Party's legal, valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(iii) No consent, approval, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by any Credit Party of this Agreement.

(iv) Except as disclosed by Super Holdings in Super Holdings' public filings with the SEC, the representations and warranties of the Credit Parties and each Subsidiary set forth in this Agreement, the Note Purchase Agreement and the other Investment Documents are true and correct in all material respects (except to the extent that such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case such representation and warranty is true and correct in all

respects) with the same effect as if then made (except to the extent stated to relate to a specific earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date (except to the extent that such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case such representation and warranty is true and correct in all respects as of such earlier date)).

(v) No event has occurred and is continuing which constitutes a Default or an Event of Default.

(c) Each of the Credit Parties hereby affirms the Liens created and granted in the Investment Documents in favor of the Administrative Agent, for the benefit of the Administrative Agent, each Purchaser and each Secured Party, and agrees that this Agreement does not adversely affect or impair such Liens and security interests in any manner.

(d) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopy or electronic mail shall be effective as an original and shall constitute a representation that an executed original shall be delivered.

(e) **SECTIONS 11.14 AND 11.15 OF THE NOTE PURCHASE AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE; *MUTATIS MUTANDIS*.**

(f) This Agreement shall constitute a Note Document.

[remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

ISSUER:

REVITALID PHARMACEUTICAL CORP.,
a Delaware corporation

By: _____
Name:
Title:

GUARANTORS:

RVL PHARMACEUTICALS PLC,
an Irish public limited company

By: _____
Name:
Title:

RVL HOLDINGS US LLC,
a Delaware limited liability company

By: _____
Name:
Title:

RVL PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name:
Title:

RVL PHARMACY, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

VALKYRIE GROUP HOLDINGS, INC,
a Delaware corporation

By: _____
Name:
Title:

ADMINISTRATIVE AGENT:

ATHYRIUM OPPORTUNITIES IV ACQUISITION LP, a Delaware limited partnership

By: ATHYRIUM OPPORTUNITIES ASSOCIATES IV LP, its General Partner

By: ATHYRIUM OPPORTUNITIES ASSOCIATES IV GP LLC, the General Partner of Athyrium Opportunities Associates IV LP

By: _____
Name:
Title:

PURCHASERS:

ATHYRIUM OPPORTUNITIES IV ACQUISITION LP, a Delaware limited partnership

By: ATHYRIUM OPPORTUNITIES ASSOCIATES IV LP, its General Partner

By: ATHYRIUM OPPORTUNITIES ASSOCIATES IV GP LLC, the General Partner of Athyrium Opportunities Associates IV LP

By: _____
Name:
Title:

ATHYRIUM OPPORTUNITIES IV CO-INVEST 1 LP, a Delaware limited partnership

By: ATHYRIUM OPPORTUNITIES ASSOCIATES IV CO-INVEST LLC, its General Partner

By: _____
Name:
Title:

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian Markison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RVL Pharmaceuticals plc;

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. As the registrant's certifying officer, I am 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. As the registrant's certifying officer, 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 14, 2023

/s/ Brian Markison
Name: Brian Markison
Title: Chief Executive Officer and
Chairman of the Board of Directors
(Principal Executive Officer)
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of RVL Pharmaceuticals plc (the "Company") on Form 10-Q for the quarterly period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Markison, Chief Executive Officer and Chairman of the Board of Directors of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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 14, 2023

/s/ Brian Markison
Brian Markison
Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)
(Principal Financial Officer)