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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, 2021
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 001-36509

AMPHASTAR PHARMACEUTICALS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**33-0702205**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
11570 6th Street Rancho Cucamonga, CA	**91730**
(Address of principal executive offices)	**(zip code)**

(909) 980-9484
(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	AMPH	The NASDAQ Stock Market LLC

The number of shares outstanding of the registrant's only class of common stock as of August 2, 2021 was 48,031,668.

AMPHASTAR PHARMACEUTICALS, INC.
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FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2021

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or Quarterly Report, contains "forward-looking statements" that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements by the following words: "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these identifying words. Forward-looking statements relate to future events or future financial performance or condition and involve known and unknown risks, uncertainties and other factors that could cause actual results, levels of activity, performance or achievement to differ materially from those expressed or implied by the forward-looking statements. These forward-looking statements include, but are not limited to, statements about:

- our expectations regarding the sales and marketing of our products;
- our expectations regarding our manufacturing and production and the integrity of our supply chain for our products, including the risks associated with our single source suppliers;
- the impact of the COVID-19 pandemic and related responses of business and governments to the pandemic on our operations and personnel, and on commercial activity and demand across our business operations and results of operations;
- interruptions to our manufacturing and production as a result of natural catastrophic events or other causes beyond our control such as power disruptions or widespread disease outbreaks, such as the COVID-19 pandemic;
- global, national and local economic and market conditions, specifically with respect to geopolitical uncertainty, and the COVID-19 pandemic;
- the timing and likelihood of U.S. Food and Drug Administration, or FDA, approvals and regulatory actions on our product candidates, manufacturing activities and product marketing activities;
- our ability to advance product candidates in our platforms into successful and completed clinical trials and our subsequent ability to successfully commercialize our product candidates;
- our ability to compete in the development and marketing of our products and product candidates;
- our expectations regarding the business expansion plans for our Chinese subsidiary, ANP, including its restructuring;
- the potential for adverse application of environmental, health and safety and other laws and regulations on our operations;
- our expectations for market acceptance of our new products and proprietary drug delivery technologies, as well as those of our active pharmaceutical ingredient, or API, customers;
- the potential for our marketed products to be withdrawn due to patient adverse events or deaths, or if we fail to secure FDA approval for products subject to the Prescription Drug Wrap-Up program;
- our expectations in obtaining insurance coverage and adequate reimbursement for our products from third-party payers;
- the amount of price concessions or exclusion of suppliers adversely affecting our business;
- our ability to establish and maintain intellectual property protection for our products and our ability to successfully defend our intellectual property in cases of alleged infringement;
- the implementation of our business strategies, product development strategies and technology utilization;
- the potential for exposure to product liability claims;
- future acquisitions, divestitures or investments, including the anticipated benefits of such acquisitions, divestitures or investments;
- our ability to expand internationally;
- economic and industry trends and trend analysis;
- our ability to remain in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- the impact of trade tariffs, export or import restrictions, or other trade barriers;
- the impact of Patient Protection and Affordable Care Act (as amended) and other legislative and regulatory healthcare reforms in the countries in which we operate including the potential for drug price controls;
- the impact of global and domestic tax reforms, including the Tax Cuts and Jobs Act of 2017, or the Tax Act, as amended by the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act;
- the timing for completion and the validation of the new construction at our ANP and Amphastar facilities;
- the timing and extent of share buybacks; and
- our financial performance expectations, including our expectations regarding our backlog, revenue, cost of revenue, gross profit or gross margin, operating expenses, including changes in research and development, sales and marketing and general and administrative expenses, and our ability to achieve and maintain future profitability.

You should read this Quarterly Report and the documents that we reference elsewhere in this Quarterly Report completely and with the understanding that our actual results may differ materially from what we expect as expressed or implied by our forward-looking statements. In light of the significant risks and uncertainties to which our forward-looking statements are subject, you should not place undue reliance on or regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. In particular, the extent of COVID-19's impact on our business will depend on several factors, including the severity, duration and extent of the pandemic, all of which continue to evolve and remain uncertain at

this time. We discuss many of these risks and uncertainties in greater detail in this Quarterly Report and in our Annual Report on Form 10-K for the year ended December 31, 2020, particularly in Item 1A. “Risk Factors.” These forward-looking statements represent our estimates and assumptions only as of the date of this Quarterly Report regardless of the time of delivery of this Quarterly Report, and such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Quarterly Report.

Unless expressly indicated or the context requires otherwise, references in this Quarterly Report to “Amphastar,” “the Company,” “we,” “our,” and “us” refer to Amphastar Pharmaceuticals, Inc. and our subsidiaries.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMPHASTAR PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 105,432	$ 92,642
Restricted cash	19,159	1,865
Short-term investments	11,745	12,977
Restricted short-term investments	2,200	2,200
Accounts receivable, net	67,893	66,005
Inventories	97,931	96,831
Income tax refunds and deposits	718	385
Prepaid expenses and other assets	5,895	6,777
Total current assets	310,973	279,682
Property, plant, and equipment, net	252,590	260,055
Finance lease right-of-use assets	540	612
Operating lease right-of-use assets	27,169	20,042
Goodwill and intangible assets, net	40,049	40,615
Other assets	9,444	5,250
Deferred tax assets	24,980	24,980
Total assets	$ 665,745	$ 631,236
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 109,604	$ 95,504
Income taxes payable	3,631	1,077
Current portion of long-term debt	8,077	12,263
Current portion of operating lease liabilities	3,237	3,357
Total current liabilities	124,549	112,201
Long-term reserve for income tax liabilities	4,709	4,709
Long-term debt, net of current portion	30,460	34,186
Long-term operating lease liabilities, net of current portion	24,555	17,464
Deferred tax liabilities	765	741
Other long-term liabilities	13,484	13,212
Total liabilities	198,522	182,513
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: par value $0.0001; 20,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock: par value $0.0001; 300,000,000 shares authorized; 55,736,209 and 47,983,549 shares issued and outstanding as of June 30, 2021 and 54,760,922 and 47,495,439 shares issued and outstanding as of December 31, 2020, respectively	6	5
Additional paid-in capital	427,301	410,061
Retained earnings	130,581	117,773
Accumulated other comprehensive loss	(4,931)	(3,721)
Treasury stock	(130,964)	(121,812)
Total Amphastar Pharmaceuticals, Inc. stockholders' equity	421,993	402,306
Non-controlling interests	45,230	46,417
Total equity	467,223	448,723
Total liabilities and stockholders' equity	$ 665,745	$ 631,236

See Accompanying Notes to Condensed Consolidated Financial Statements.

AMPHASTAR PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net revenues	$ 101,663	$ 85,806	$ 204,683	$ 170,494
Cost of revenues	54,287	52,629	112,361	100,494
Gross profit	47,376	33,177	92,322	70,000
Operating expenses:				
Selling, distribution, and marketing	4,129	4,026	8,666	7,320
General and administrative	14,565	15,924	29,903	26,670
Research and development	18,122	16,149	32,887	31,452
Total operating expenses	36,816	36,099	71,456	65,442
Income (loss) from operations	10,560	(2,922)	20,866	4,558
Non-operating (expenses) income:				
Interest income	142	198	303	351
Interest expense	(86)	(35)	(190)	(111)
Other income (expenses), net	3,601	1,255	(1,648)	(497)
Total non-operating (expenses) income, net	3,657	1,418	(1,535)	(257)
Income (loss) before income taxes	14,217	(1,504)	19,331	4,301
Income tax provision (benefit)	5,595	(75)	6,750	2,205
Net income (loss)	$ 8,622	$ (1,429)	$ 12,581	$ 2,096
Net income (loss) attributable to non-controlling interests	$ 855	$ (1,237)	$ (227)	$ (1,661)
Net income (loss) attributable to Amphastar Pharmaceuticals, Inc.	$ 7,767	$ (192)	$ 12,808	$ 3,757
Net income (loss) per share attributable to Amphastar Pharmaceuticals, Inc. stockholders:				
Basic	$ 0.16	$ (0.00)	$ 0.27	$ 0.08
Diluted	$ 0.16	$ (0.00)	$ 0.26	$ 0.08
Weighted-average shares used to compute net income (loss) per share attributable to Amphastar Pharmaceuticals, Inc. stockholders:				
Basic	47,731	46,753	47,626	46,581
Diluted	49,552	46,753	49,535	48,458

See Accompanying Notes to Condensed Consolidated Financial Statements.

AMPHASTAR PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss) attributable to Amphastar Pharmaceuticals, Inc.	$ 7,767	$ (192)	$ 12,808	$ 3,757
Other comprehensive income (loss) attributable to Amphastar Pharmaceuticals, Inc., net of income taxes				
Foreign currency translation adjustment	711	288	(1,210)	(486)
Total other comprehensive income (loss) attributable to Amphastar Pharmaceuticals, Inc.	711	288	(1,210)	(486)
Total comprehensive income attributable to Amphastar Pharmaceuticals, Inc.	$ 8,478	$ 96	$ 11,598	$ 3,271

See Accompanying Notes to Condensed Consolidated Financial Statements.

AMPHASTAR PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited; in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive loss	Treasury Stock		Total Amphastar Stockholders' Equity	Non-controlling Interest	Total
	Shares	Amount				Shares	Amount			
Balance as of December 31, 2020	54,760,922	$ 5	$ 410,061	$ 117,773	$ (3,721)	(7,265,483)	$ (121,812)	$ 402,306	$ 46,417	$ 448,723
Net income attributable to Amphastar Pharmaceuticals, Inc.	—	—	—	5,041	—	—	—	5,041	—	5,041
Other comprehensive loss attributable to Amphastar Pharmaceuticals, Inc.	—	—	—	—	(1,921)	—	—	(1,921)	—	(1,921)
Net loss attributable to non-controlling interest	—	—	—	—	—	—	—	—	(1,082)	(1,082)
Purchase of treasury stock	—	—	—	—	—	(204,698)	(3,783)	(3,783)	—	(3,783)
Issuance of treasury stock in connection with the Company's equity plans	—	—	(49)	—	—	4,184	49	—	—	—
Issuance of common stock in connection with the Company's equity plans	423,078	1	(853)	—	—	—	—	(852)	—	(852)
Share-based compensation expense	—	—	4,767	—	—	—	—	4,767	67	4,834
Balance as of March 31, 2021	55,184,000	$ 6	$ 413,926	$ 122,814	$ (5,642)	(7,465,997)	$ (125,546)	$ 405,558	$ 45,402	$ 450,960
Net income attributable to Amphastar Pharmaceuticals, Inc.	—	—	—	7,767	—	—	—	7,767	—	7,767
Other comprehensive income attributable to Amphastar Pharmaceuticals, Inc.	—	—	—	—	711	—	—	711	—	711
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	—	855	855
Purchase of treasury stock	—	—	—	—	—	(298,727)	(5,560)	(5,560)	—	(5,560)
Issuance of treasury stock in connection with the Company's equity plans	—	—	(142)	—	—	12,064	142	—	—	—
Issuance of common stock in connection with the Company's equity plans	552,209	—	7,247	—	—	—	—	7,247	—	7,247
Share-based compensation expense	—	—	6,270	—	—	—	—	6,270	(1,027)	5,243
Balance as of June 30, 2021	55,736,209	$ 6	$ 427,301	$ 130,581	$ (4,931)	(7,752,660)	$ (130,964)	$ 421,993	$ 45,230	$ 467,223

AMPHASTAR PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited; in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive loss	Treasury Stock		Total Amphastar Stockholders' Equity	Non-controlling Interest	Total
	Shares	Amount				Shares	Amount			
Balance as of December 31, 2019	52,495,483	$ 5	$ 367,305	$ 116,370	$ (4,687)	(5,918,515)	$ (97,627)	$ 381,366	$ 46,162	$ 427,528
Net income attributable to Amphastar Pharmaceuticals, Inc.	—	—	—	3,949	—	—	—	3,949	—	3,949
Other comprehensive loss attributable to Amphastar Pharmaceuticals, Inc.	—	—	—	—	(774)	—	—	(774)	—	(774)
Net loss attributable to non-controlling interest	—	—	—	—	—	—	—	—	(424)	(424)
Purchase of treasury stock	—	—	—	—	—	(647,246)	(10,950)	(10,950)	—	(10,950)
Issuance of treasury stock in connection with the Company's equity plans	—	—	(84)	—	—	6,873	84	—	—	—
Issuance of common stock in connection with the Company's equity plans	369,508	—	(1,238)	—	—	—	—	(1,238)	—	(1,238)
Share-based compensation expense	—	—	5,161	—	—	—	—	5,161	121	5,282
Balance as of March 31, 2020	52,864,991	$ 5	$ 371,144	$ 120,319	$ (5,461)	(6,558,888)	$ (108,493)	$ 377,514	$ 45,859	$ 423,373
Net loss attributable to Amphastar Pharmaceuticals, Inc.	—	—	—	(192)	—	—	—	(192)	—	(192)
Other comprehensive income attributable to Amphastar Pharmaceuticals, Inc.	—	—	—	—	288	—	—	288	—	288
Net loss attributable to non-controlling interest	—	—	—	—	—	—	—	—	(1,237)	(1,237)
Purchase of treasury stock	—	—	—	—	—	(329,391)	(5,756)	(5,756)	—	(5,756)
Issuance of treasury stock in connection with the Company's equity plans	—	—	(130)	—	—	10,913	130	—	—	—
Issuance of common stock in connection with the Company's equity plans	1,507,284	—	19,448	—	—	—	—	19,448	—	19,448
Share-based compensation expense	—	—	6,379	—	—	—	—	6,379	134	6,513
Balance as of June 30, 2020	54,372,275	$ 5	$ 396,841	$ 120,127	$ (5,173)	(6,877,366)	$ (114,119)	$ 397,681	$ 44,756	$ 442,437

See Accompanying Notes to Condensed Consolidated Financial Statements.

AMPHASTAR PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in thousands)

	Six Months Ended June 30,	
	2021	**2020**
Cash Flows From Operating Activities:		
Net income	$ 12,581	$ 2,096
Reconciliation to net cash provided by operating activities:		
Loss on disposal of assets	314	30
Depreciation of property, plant, and equipment	11,449	9,531
Amortization of product rights, trademarks, and patents	553	509
Operating lease right-of-use asset amortization	1,689	1,700
Share-based compensation expense	10,918	11,795
Changes in deferred taxes, net	—	1,638
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,985)	(4,454)
Inventories	(1,659)	5,760
Prepaid expenses and other assets	1,610	541
Income tax refunds, deposits, and payable, net	2,218	(78)
Operating lease liabilities	(1,849)	(1,565)
Accounts payable and accrued liabilities	19,145	4,063
Net cash provided by operating activities	54,984	31,566
Cash Flows From Investing Activities:		
Purchases and construction of property, plant, and equipment	(13,359)	(18,895)
Sales of short-term investments	—	42
Purchase of short-term investments	(7,240)	(4,561)
Maturity of short-term investments	8,475	5,188
Payment of deposits and other assets	(825)	(562)
Net cash used in investing activities	(12,949)	(18,788)
Cash Flows From Financing Activities:		
Proceeds from equity plans, net of withholding tax payments	6,394	18,210
Purchase of treasury stock	(9,344)	(16,706)
Settlement of ANP equity awards	(839)	—
Proceeds from borrowing under lines of credit	—	705
Repayments under lines of credit	(774)	—
Proceeds from issuance of long-term debt	—	3,067
Principal payments on long-term debt	(7,267)	(4,269)
Net cash used in financing activities	(11,830)	1,007
Effect of exchange rate changes on cash	(121)	(82)
Net increase in cash, cash equivalents, and restricted cash	30,084	13,703
Cash, cash equivalents, and restricted cash at beginning of period	94,507	75,550
Cash, cash equivalents, and restricted cash at end of period	$ 124,591	$ 89,253
Noncash Investing and Financing Activities:		
Capital expenditure included in accounts payable	$ 7,034	$ 9,662
Operating lease right-of-use assets	$ 8,803	$ —
Equipment acquired under finance leases	$ 107	$ 61
Supplemental Disclosures of Cash Flow Information:		
Interest paid, net of capitalized interest	$ 998	$ 1,119
Income taxes paid	$ 4,577	$ 662

See Accompanying Notes to Condensed Consolidated Financial Statements.

Note 1. General

Amphastar Pharmaceuticals, Inc., a Delaware corporation (together with its subsidiaries, hereinafter referred to as the "Company") is a bio-pharmaceutical company that develops, manufactures, markets, and sells generic and proprietary injectable, inhalation, and intranasal products, including products with high technical barriers to market entry. Additionally, the Company sells insulin active pharmaceutical ingredient, or API, products. Most of the Company's products are used in hospital or urgent care clinical settings and are primarily contracted and distributed through group purchasing organizations and drug wholesalers. The Company's insulin API products are sold to other pharmaceutical companies for use in their own products and are being used by the Company in the development of injectable finished pharmaceutical products. The Company's inhalation product, Primatene Mist®, is primarily distributed through drug retailers.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2020 and the notes thereto as filed with the Securities and Exchange Commission, or SEC, in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles, or GAAP, have been condensed or omitted from the accompanying condensed consolidated financial statements. The accompanying year-end condensed consolidated balance sheet was derived from the audited financial statements. The accompanying interim financial statements are unaudited, but reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the Company's consolidated financial position, results of operations, comprehensive income (loss), stockholders' equity, and cash flows for the periods presented. Unless otherwise noted, all such adjustments are of a normal, recurring nature. The Company's results of operations, comprehensive income (loss) and cash flows for the interim periods are not necessarily indicative of the results of operations and cash flows that it may achieve in future periods.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries, and are prepared in accordance with United States generally accepted accounting principles, or GAAP. Certain prior period amounts have been reclassified within the investing activities of the statement of cash flows to conform to the current period presentation. All intercompany activity has been eliminated in the preparation of the condensed consolidated financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, which are of a normal recurring nature, necessary to present fairly the consolidated financial position, results of operations, and cash flows of the Company.

The Company's subsidiaries include: (1) International Medication Systems, Limited, or IMS, (2) Armstrong Pharmaceuticals, Inc., or Armstrong, (3) Amphastar Nanjing Pharmaceuticals Inc., or ANP, (4) Nanjing Letop Biological Technology Co., Ltd., or Letop, (5) Nanjing Hanxin Pharmaceutical Technology Co., Ltd., or Hanxin, (6) Nanjing Hanxin Biomedical Testing Service Co., Ltd., or Hanxin Biomedical, (7) Nanjing Baixin Trading Co., Ltd., or Baixin, (8) Amphastar France Pharmaceuticals, S.A.S., or AFP, (9) Amphastar UK Ltd., or AUK, and (10) International Medication Systems (UK) Limited, or IMS UK.

COVID-19 Pandemic

The Company is subject to risks and uncertainties as a result of the ongoing novel coronavirus pandemic, or COVID-19. The complete extent of the impact of the COVID-19 pandemic on the Company's business is highly uncertain and difficult to predict, as the information is constantly evolving. The Company considered the impact of COVID-19 on the assumptions and estimates used to determine the results reported and asset valuations as of June 30, 2021.

All of the Company's production facilities continued to operate during the quarter as they had prior to the COVID-19 pandemic with very little change, other than for enhanced safety measures intended to prevent the spread of the virus.

It is not possible at this time to estimate the complete impact that COVID-19 could have on the Company's business, including its customers and suppliers, as the impact will depend on future developments, which are highly uncertain and cannot be predicted. The Company will continue to monitor the impact of COVID-19 on all aspects of its business.

Use of Estimates

The preparation of condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The principal accounting estimates include: determination of allowances for credit losses, allowance for discounts, provision for chargebacks and rebates, provision for product returns, adjustment of inventory to its net realizable values, impairment of long-lived and intangible assets and goodwill, workers' compensation liabilities, litigation reserves, stock price volatilities for share-based compensation expense, valuation allowances for deferred tax assets, and liabilities for uncertain income tax positions.

Foreign Currency

The functional currency of the Company, its domestic subsidiaries, its Chinese subsidiary, ANP, and its U.K. subsidiary, AUK, is the US Dollar. ANP maintains its books of record in Chinese yuan. These books are remeasured into the functional currency of USD using current or historical exchange rates. The resulting currency remeasurement adjustments and other transactional foreign currency exchange gains and losses are reflected in the Company's condensed consolidated statements of operations.

The Company's French subsidiary, AFP, maintains its book of record in euros. ANP's subsidiaries maintain their books of record in Chinese yuan. AUK's subsidiary, IMS UK, maintains its book of record in British pounds. These local currencies have been determined to be the subsidiaries' respective functional currencies. These books of record are translated into USD using average exchange rates during the period. Assets and liabilities are translated at the rate of exchange prevailing on the balance sheet date. Equity is translated at the prevailing rate of exchange at the date of the equity transactions. Translation adjustments are reflected in stockholders' equity and are included as a component of other accumulated comprehensive income (loss). The unrealized gains or losses of intercompany foreign currency transactions that are of a long-term investment nature are reported in other accumulated comprehensive income (loss).

The unrealized gains or losses on intercompany foreign currency transactions that are of a long-term investment nature were a $0.4 million gain and a $1.0 million loss for the three and six months ended June 30, 2021, respectively. For the three months ended June 30, 2020, the unrealized gains or losses on intercompany foreign currency transactions that are of a long-term investment nature were a $0.7 million gain and an immaterial loss for the six months ended June 30, 2020.

Comprehensive Income (Loss)

For the three and six months ended June 30, 2021 and 2020, the Company included its foreign currency translation gain or loss as part of its comprehensive income (loss). There was no material income tax expense (benefit) allocated to other comprehensive income (loss) for the three and six months ended June 30, 2021 and 2020.

Advertising Expense

Advertising expenses, primarily associated with Primatene Mist®, are recorded as they are incurred, except for expenses related to the development of a major commercial or media campaign, which are expensed in the period in which the commercial or campaign is first presented, and are reflected as a component of selling, distribution and marketing in the Company's condensed consolidated statement of operations. For the three and six months ended June 30, 2021,

advertising expenses were $1.9 million and $4.1 million, respectively. For the three and six months ended June 30, 2020, advertising expenses were $1.4 million and $2.4 million, respectively.

Financial Instruments

The carrying amounts of cash and cash equivalents, short-term investments, restricted cash and short-term investments, accounts receivable, accounts payable, accrued expenses, and short-term borrowings approximate fair value due to the short maturity of these items. The majority of the Company's long-term obligations consist of variable rate debt, and their carrying value approximates fair value as the stated borrowing rates are comparable to rates currently offered to the Company for instruments with similar maturities. The Company at times enters into fixed interest rate swap contracts to exchange the variable interest rates for fixed interest rates without the exchange of the underlying notional debt amounts. Such interest rate swap contracts are recorded at their fair values.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, money market accounts, certificates of deposit and highly liquid investments purchased with original maturities of three months or less.

Short-Term Investments

Short-term investments as of June 30, 2021 and December 31, 2020 consisted of certificates of deposit and investment grade debt securities with original expiration dates within 12 months.

Restricted Cash

Restricted cash is generally collateral required for the Company to guarantee certain vendor payments in France. In May 2021, the Company posted an $18.9 million bond in connection with the Aventis litigation (see note 19). As of June 30, 2021 and December 31, 2020, the restricted cash balances were $19.2 million and $1.9 million, respectively.

Restricted Short-Term Investments

Restricted short-term investments consist of certificates of deposit that are collateral for standby letters of credit to qualify for workers' compensation self-insurance. The certificates of deposit have original maturities greater than three months but less than one year. As of June 30, 2021 and December 31, 2020, the balance of restricted short-term investments was $2.2 million.

Deferred Income Taxes

The Company utilizes the liability method of accounting for income taxes, under which deferred taxes are determined based on the temporary differences between the financial statements and the tax basis of assets and liabilities using enacted tax rates. A valuation allowance is recorded when it is more likely than not that the deferred tax assets will not be realized.

Recent Accounting Pronouncements

There have been no recent accounting pronouncements or changes in accounting pronouncements during the three months ended June 30, 2021 that are of significance or potential significance to the Company as compared to the recent accounting pronouncements described in the Company's Annual Report on Form 10-K filed with the SEC on March 15, 2021.

Note 3. ANP Restructuring

In July 2018, the Company's Chinese subsidiary, ANP, completed a private placement of its common equity interest to accredited investors and received approximately $56.3 million of cash proceeds. The Company retained approximately 58% of the equity interest in ANP following the private placement and continues to consolidate the financial results of ANP with the Company's results of operations. ANP's net income after July 2, 2018, was attributed to the Company in accordance with the Company's equity interest of approximately 58% in ANP.

In May 2021, the board of directors approved a plan for the restructuring of the equity ownership of ANP, whereby the Company purchased an additional ownership interest in ANP from certain equity holders of ANP, or the Sellers, and split-off certain subsidiaries of ANP.

Under the terms of the restructuring plan, the Company entered into a Share Purchase Agreement, or SPA, with certain of the Sellers to acquire an approximately 18% additional ownership interest in ANP for approximately $29.4 million in cash. The Company also entered into a Share Repurchase Agreement, or SRA, with certain of the Sellers, whereby the Company will contribute 80% of its ownership interest in Hanxin and its existing subsidiaries, Baixin and Letop, to the Sellers in exchange for approximately 10% additional ownership interest in ANP. The restructuring plan was subject to regulatory approval in China, which was not completed prior to June 30, 2021, and the assets of Hanxin and its subsidiaries are reflected as held and used in the condensed consolidated financial statements as of June 30, 2021.

Upon completion of the restructuring, the Company owned approximately 86% of ANP, and ANP owned approximately 20% of Hanxin. The restructuring plan was completed in July 2021, subsequent to the end of the second quarter.

Certain of the Sellers are the Company's executive officers, directors and other related parties. The Sellers who participated in the SPA included executives of the Company William J. Peters, Rong Zhou, and Jacob Liawatidewi; directors of the Company Howard Lee and Richard Koo; relatives of Dr. Jack Zhang and Dr. Mary Luo, Henry Zhang, Qingqing Chen, Chongqing Zhang, Lu Zhang, and James Luo, or entities related to such persons. Neither Dr. Mary Luo, Dr. Jack Zhang nor affiliated entities participated in the SPA.

The Sellers who participated in the SRA included Dr. Mary Luo and Dr. Jack Zhang through an affiliated party, and their family members Henry Zhang, Qingqing Chen, Chongqing Zhang, Bill Zhang, and Lu Zhang.

During the second quarter of 2021, in connection with the restructuring, the Company terminated the 2018 ANP Equity Incentive Plan. (See note 16)

Note 4. Revenue Recognition

In accordance with Accounting Standard Codification, or ASC, 606 *Revenue from Contracts with Customers*, revenue is recognized at the time that the Company's customers obtain control of the promised goods.

Generally, revenue is recognized at the time of product delivery to the Company's customers. In some cases, revenue is recognized at the time of shipment when stipulated by the terms of the sale agreements.

The consideration the Company receives in exchange for its goods or services is only recognized when it is probable that a significant reversal will not occur. The consideration to which the Company expects to be entitled includes a stated list price, less various forms of variable consideration. The Company makes significant estimates for related variable consideration at the point of sale, including chargebacks, rebates, product returns, other discounts and allowances.

The Company's payment terms vary by types and locations of customers and the products or services offered. Payment terms differ by jurisdiction and customers, but payment is generally required in a term ranging from 30 to 75 days from

date of shipment or satisfaction of the performance obligation. For certain products or services and certain customer types, we may require payment before products are delivered or services are rendered to customers.

Provisions for estimated chargebacks, rebates, discounts, product returns and credit losses are made at the time of sale and are analyzed and adjusted, if necessary, at each balance sheet date.

Revenues derived from contract manufacturing services are recognized when third-party products are shipped to customers, and after the customer has accepted test samples of the products to be shipped.

The Company's accounting policy is to review each agreement involving contract development and manufacturing services to determine if there are multiple revenue-generating activities that constitute more than one unit of accounting. Revenues are recognized for each unit of accounting based on revenue recognition criteria relevant to that unit. The Company does not have any revenue arrangements with multiple performance obligations.

Provision for Chargebacks and Rebates

The provision for chargebacks and rebates is a significant estimate used in the recognition of revenue. Wholesaler chargebacks relate to sales terms under which the Company agrees to reimburse wholesalers for differences between the gross sales prices at which the Company sells its products to wholesalers and the actual prices of such products that wholesalers resell under the Company's various contractual arrangements with third parties such as hospitals and group purchasing organizations in the United States. Rebates include primarily amounts paid to retailers, payers, and providers in the United States, including those paid to state Medicaid programs, and are based on contractual arrangements or statutory requirements. The Company estimates chargebacks and rebates using the expected value method at the time of sale to wholesalers based on wholesaler inventory stocking levels, historic chargeback and rebate rates, and current contract pricing.

The provision for chargebacks and rebates is reflected as a component of net revenues. The following table is an analysis of the chargeback and rebate provision:

	Six Months Ended June 30,	
	2021	2020
	(in thousands)	
Beginning balance	$ 20,380	$ 21,644
Provision for chargebacks and rebates	97,973	69,424
Credits and payments issued to third parties	(99,400)	(72,625)
Ending balance	$ 18,953	$ 18,443

Changes in the chargeback provision from period to period are primarily dependent on the Company's sales to its wholesalers, the level of inventory held by wholesalers, and the wholesalers' customer mix. Changes in the rebate provision from period to period are primarily dependent on retailer's and other indirect customers' purchases. The approach that the Company uses to estimate chargebacks has been consistently applied for all periods presented. Variations in estimates have been historically small. The Company continually monitors the provision for chargebacks and rebates and makes adjustments when it believes that the actual chargebacks and rebates may differ from the estimates. The settlement of chargebacks and rebates generally occurs within 30 days to 60 days after the sale to wholesalers. Accounts receivable and/or accounts payable and accrued liabilities are reduced and/or increased by the chargebacks and rebate amounts depending on whether the Company has the right to offset with the customer. Of the provision for chargebacks and rebates as of June 30, 2021 and December 31, 2020, $15.1 million and $16.4 million were included in accounts receivable, net, on the condensed consolidated balance sheets, respectively. The remaining provision as of June 30, 2021 and December 31, 2020 of $3.9 million and $4.0 million, respectively, were included in accounts payable and accrued liabilities.

Accrual for Product Returns

The Company offers most customers the right to return qualified excess or expired inventory for partial credit; however, API product sales are generally non-returnable. The Company's product returns primarily consist of the returns of expired products from sales made in prior periods. Returned products cannot be resold. At the time product revenue is recognized, the Company records an accrual for product returns estimated using the expected value method. The accrual is based, in part, upon the historical relationship of product returns to sales and customer contract terms. The Company also assesses other factors that could affect product returns including market conditions, product obsolescence, and the introduction of new competition. Although these factors do not normally give the Company's customers the right to return products outside of the regular return policy, the Company realizes that such factors could ultimately lead to increased returns. The Company analyzes these situations on a case-by-case basis and makes adjustments to the product return reserve as appropriate.

The provision for product returns is reflected as a component of net revenues. The following table is an analysis of the product return liability:

	Six Months Ended June 30,	
	2021	2020
	(in thousands)	
Beginning balance	$ 14,204	$ 10,339
Provision for product returns	7,770	6,208
Credits issued to third parties	(4,433)	(3,989)
Ending balance	$ 17,541	$ 12,558

Of the provision for product returns as of June 30, 2021 and December 31, 2020, $14.1 million and $10.2 million, were included in accounts payable and accrued liabilities on the condensed consolidated balance sheets, respectively. The remaining provision as of June 30, 2021 and December 31, 2020, of $3.4 million and $4.0 million, were included in other long-term liabilities, respectively. For the six months ended June 30, 2021 and 2020, the Company's aggregate product return rate was 1.6% and 1.3% of qualified sales, respectively.

Note 5. Income (loss) per Share Attributable to Amphastar Pharmaceuticals, Inc. Stockholders

Basic net income (loss) per share attributable to Amphastar Pharmaceuticals, Inc. stockholders is calculated based upon the weighted-average number of shares outstanding during the period. Diluted net income (loss) per share attributable to Amphastar Pharmaceuticals, Inc. stockholders gives effect to all potential dilutive shares outstanding during the period, such as stock options, non-vested restricted stock units and shares issuable under the Company's Employee Stock Purchase Plan, or ESPP and the reallocation of net income (loss) attributable to non-controlling interest from the assumed dilutive effect of stock options issued under the 2018 ANP Equity Incentive Plan, or the 2018 Plan.

For the three and six months ended June 30, 2021, options to purchase 2,056,803 shares of stock, with a weighted-average exercise price of $20.75 per share, and the reallocation of net income attributable to non-controlling interests were excluded from the computation of diluted net income per share attributable to Amphastar Pharmaceuticals, Inc. stockholders because the effect would be anti-dilutive.

As the Company reported a net loss for the three months ended June 30, 2020, the diluted net loss per share attributable to Amphastar Pharmaceuticals, Inc. stockholders, as reported, equals the basic net loss per share attributable to Amphastar Pharmaceuticals, Inc. stockholders since the effect of the assumed exercise of stock options, vesting of non-vested RSUs, and issuance of common shares under the Company's ESPP are anti-dilutive. Total stock options, non-vested RSUs, and shares issuable under the Company's ESPP excluded from the three months ended June 30, 2020 net loss per share were 8,887,036 stock options, 1,176,479 non-vested RSUs, and 60,386 shares issuable under the ESPP.

For the six months ended June 30, 2020, options to purchase 1,928,773 shares of stock, with a weighted-average exercise price of $20.84 per share, and the reallocation of net income attributable to non-controlling interests were excluded in the computation of diluted net income per common share attributable to Amphastar Pharmaceuticals, Inc. stockholders because the effect would be anti-dilutive.

The following table provides the calculation of basic and diluted net income per share attributable to Amphastar Pharmaceuticals, Inc. stockholders for each of the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands, except per share data)			
Basic and dilutive numerator:				
Net income (loss) attributable to Amphastar Pharmaceuticals, Inc.	$ 7,767	$ (192)	$ 12,808	$ 3,757
Denominator:				
Weighted-average shares outstanding — basic	47,731	46,753	47,626	46,581
Net effect of dilutive securities:				
Incremental shares from equity awards	1,821	—	1,909	1,877
Weighted-average shares outstanding — diluted	49,552	46,753	49,535	48,458
Net income (loss) per share attributable to Amphastar Pharmaceuticals, Inc. stockholders — basic	$ 0.16	$ (0.00)	$ 0.27	$ 0.08
Net income (loss) per share attributable to Amphastar Pharmaceuticals, Inc. stockholders — diluted	$ 0.16	$ (0.00)	$ 0.26	$ 0.08

Note 6. Segment Reporting

The Company's business is the development, manufacture, and marketing of pharmaceutical products. The Company has identified two reporting segments that each report to the Chief Operating Decision Maker, or CODM, as defined in ASC 280, Segment Reporting. The Company's performance is assessed and resources are allocated by the CODM based on the following two reportable segments:

- Finished pharmaceutical products
- API

The finished pharmaceutical products segment manufactures, markets and distributes Primatene Mist®, glucagon, enoxaparin, naloxone, phytonadione, lidocaine, epinephrine, as well as various other critical and non-critical care drugs. The API segment manufactures and distributes recombinant human insulin API and porcine insulin API for external customers and internal product development.

Selected financial information by reporting segment is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Net revenues:				
Finished pharmaceutical products	$ 94,722	$ 80,935	$ 192,604	$ 162,233
API	6,941	4,871	12,079	8,261
Total net revenues	101,663	85,806	204,683	170,494
Gross profit (loss):				
Finished pharmaceutical products	49,614	35,437	94,900	74,247
API	(2,238)	(2,260)	(2,578)	(4,247)
Total gross profit	47,376	33,177	92,322	70,000
Operating expenses	36,816	36,099	71,456	65,442
Income (loss) from operations	10,560	(2,922)	20,866	4,558
Non-operating income (expenses)	3,657	1,418	(1,535)	(257)
Income (loss) before income taxes	$ 14,217	$ (1,504)	$ 19,331	$ 4,301

The Company manages its business segments to the gross profit level and manages its operating and other costs on a company-wide basis. The Company does not identify total assets by segment for internal purposes, as the Company's CODM does not assess performance, make strategic decisions, or allocate resources based on assets.

The amount of net revenues in the finished pharmaceutical product segment is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Finished pharmaceutical products net revenues:				
Primatene Mist®	$ 16,680	$ 12,468	$ 35,063	$ 25,345
Epinephrine	9,192	6,957	24,770	10,947
Lidocaine	11,594	7,608	20,665	18,265
Glucagon	12,131	—	20,115	—
Enoxaparin	9,328	10,218	19,986	19,386
Phytonadione	10,421	10,689	19,986	21,718
Naloxone	6,625	8,723	12,966	17,598
Other finished pharmaceutical products	18,751	24,272	39,053	48,974
Total finished pharmaceutical products net revenues	$ 94,722	$ 80,935	$ 192,604	$ 162,233

The amount of depreciation and amortization expense included in cost of revenues, by reporting segments, is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Depreciation and amortization expense				
Finished pharmaceutical products	$ 1,460	$ 1,453	$ 2,895	$ 2,917
API	1,179	575	2,227	1,157
Total depreciation and amortization expense	$ 2,639	$ 2,028	$ 5,122	$ 4,074

Net revenues and carrying values of long-lived assets by geographic regions are as follows:

	Net Revenue				Long-Lived Assets	
	Three Months Ended June 30,		Six Months Ended June 30,		June 30,	December 31,
	2021	2020	2021	2020	2021	2020
	(in thousands)					
United States	$ 95,193	$ 81,898	$ 194,363	$ 162,963	$ 134,749	$ 129,401
China	1,126	295	2,247	523	96,522	98,538
France	5,344	3,613	8,073	7,008	49,028	52,770
Total	$ 101,663	$ 85,806	$ 204,683	$ 170,494	$ 280,299	$ 280,709

Note 7. Customer and Supplier Concentration

Customer Concentrations

Three large wholesale drug distributors, AmerisourceBergen Corporation, or AmerisourceBergen, Cardinal Health, Inc., or Cardinal, and McKesson Corporation, or McKesson, are all distributors of the Company's products, as well as suppliers of a broad range of health care products. The Company considers these three customers to be its major customers, as each individually, and these customers collectively, represented a significant percentage of the Company's net revenue for the three and six months ended June 30, 2021 and 2020, and accounts receivable as of June 30, 2021 and December 31, 2020, respectively. The following table provides accounts receivable and net revenue information for these major customers:

	% of Total Accounts Receivable		% of Net Revenue			
			Three Months Ended June 30,		Six Months Ended June 30,	
	June 30, 2021	December 31, 2020	2021	2020	2021	2020
AmerisourceBergen	9 %	9 %	23 %	23 %	24 %	23 %
McKesson	24 %	24 %	18 %	23 %	19 %	23 %
Cardinal Health	17 %	17 %	15 %	19 %	15 %	19 %

Supplier Concentrations

The Company depends on suppliers for raw materials, APIs, and other components that are subject to stringent FDA requirements. Some of these materials may only be available from one or a limited number of sources. Establishing additional or replacement suppliers for these materials may take a substantial period of time, as suppliers must be approved by the FDA. Furthermore, a significant portion of raw materials may only be available from foreign sources. If the Company is unable to secure, on a timely basis, sufficient quantities of the materials it depends on to manufacture

and market its products, it could have a materially adverse effect on the Company's business, financial condition, and results of operations.

Note 8. Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability at the measurement date (an exit price). These standards also establish a hierarchy that prioritizes observable and unobservable inputs used in measuring fair value of an asset or liability, as described below:

- *Level 1* – Inputs to measure fair value are based on quoted prices (unadjusted) in active markets on identical assets or liabilities;
- *Level 2* – Inputs to measure fair value are based on the following: a) quoted prices in active markets on similar assets or liabilities, b) quoted prices for identical or similar instruments in inactive markets, or c) observable (other than quoted prices) or collaborated observable market data used in a pricing model from which the fair value is derived; and
- *Level 3* – Inputs to measure fair value are unobservable and the assets or liabilities have little, if any, market activity; these inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities based on best information available in the circumstances.

As of June 30, 2021, cash equivalents include money market accounts. Short-term investments consist of certificates of deposit as well as investment-grade municipal bonds with original expiration dates within 12 months. The certificates of deposit are carried at amortized cost in the Company's condensed consolidated balance sheet, which approximates their fair value determined based on Level 2 inputs. The corporate and municipal bonds are classified as held-to-maturity and are carried at amortized cost net of allowance for credit losses, which approximates their fair value determined based on Level 2 inputs. The restrictions on restricted cash and short-term investments have a negligible effect on the fair value of these financial assets.

The fair value of the Company's financial assets and liabilities measured on a recurring basis as of June 30, 2021 and December 31, 2020, are as follows:

	Total	(Level 1)	(Level 2)	(Level 3)
		(in thousands)		
Cash equivalents - money market	$ 80,630	$ 80,630	$ —	$ —
Restricted cash - money market	235	235	—	—
Restricted cash - bond	18,924	18,924	—	—
Short-term investments - certificates of deposit	9,289	—	9,289	—
Restricted short-term investments - certificates of deposit	2,200	—	2,200	—
Municipal bonds	2,428	—	2,428	—
Interest rate swap liabilities related to variable rate loans	(626)	—	(626)	—
Fair value measurement as of June 30, 2021	$ 113,080	$ 99,789	$ 13,291	$ —
Cash equivalents - money market	$ 58,710	$ 58,710	$ —	$ —
Restricted cash - money market	1,865	1,865	—	—
Short-term investments - certificates of deposit	9,089	—	9,089	—
Restricted short-term investments - certificates of deposit	2,200	—	2,200	—
Corporate and municipal bonds	3,855	—	3,855	—
Interest rate swap liabilities related to variable rate loans	(902)	—	(902)	—
Fair value measurement as of December 31, 2020	$ 74,817	$ 60,575	$ 14,242	$ —

The Company does not hold any Level 3 instruments that are measured at fair value on a recurring basis.

Nonfinancial assets and liabilities are not measured at fair value on a recurring basis but are subject to fair value adjustments in certain circumstances. These items primarily include long-lived assets, goodwill, and intangible assets for which the fair value of assets is determined as part of the related impairment test. As of June 30, 2021 and December 31, 2020, there were no significant adjustments to fair value for nonfinancial assets or liabilities.

Note 9. Investments

A summary of the Company's investments that are classified as held-to-maturity are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(in thousands)		
Municipal bonds	2,428	—	—	2,428
Total investments as of June 30, 2021	$ 2,428	$ —	$ —	$ 2,428
Corporate bonds	$ 1,560	$ —	$ (1)	$ 1,559
Municipal bonds	2,297	—	(1)	2,296
Total investments as of December 31, 2020	$ 3,857	$ —	$ (2)	$ 3,855

At each reporting period, the Company evaluates securities for impairment when the fair value of the investment is less than its amortized cost. The Company evaluated the underlying credit quality and credit ratings of the issuers, noting neither a significant deterioration since purchase nor any other factors that would indicate a material credit loss.

The Company measures expected credit losses on held-to-maturity investments on a collective basis. All the Company's held-to-maturity investments were considered to be one pool. The estimate for credit losses considers historical loss information that is adjusted for current conditions and reasonable and supportable forecasts. Expected credit losses on held-to-maturity investments were not material to the condensed consolidated financial statements.

Note 10. Goodwill and Intangible Assets

The table below shows the weighted-average life, original cost, accumulated amortization, and net book value by major intangible asset classification:

	Weighted-Average Life (Years)	Original Cost	Accumulated Amortization	Net Book Value
		(in thousands)		
Definite-lived intangible assets				
IMS (UK) international product rights	10	$ 9,693	$ 4,766	$ 4,927
Patents	12	486	319	167
Land-use rights	39	2,540	650	1,890
Subtotal	12	12,719	5,735	6,984
Indefinite-lived intangible assets				
Trademark	*	29,225	—	29,225
Goodwill - Finished pharmaceutical products	*	3,840	—	3,840
Subtotal	*	33,065	—	33,065
As of June 30, 2021	*	$ 45,784	$ 5,735	$ 40,049

	Weighted-Average Life (Years)	Original Cost	Accumulated Amortization	Net Book Value
		(in thousands)		
Definite-lived intangible assets				
IMS (UK) international product rights	10	$ 9,561	$ 4,223	$ 5,338
Patents	12	486	297	189
Land-use rights	39	2,540	617	1,923
Subtotal	12	12,587	5,137	7,450
Indefinite-lived intangible assets				
Trademark	*	29,225	—	29,225
Goodwill - Finished pharmaceutical products	*	3,940	—	3,940
Subtotal	*	33,165	—	33,165
As of December 31, 2020	*	$ 45,752	$ 5,137	$ 40,615

* Intangible assets with indefinite lives have an indeterminable average life.

Goodwill

The changes in the carrying amounts of goodwill were as follows:

	June 30, 2021	December 31, 2020
	(in thousands)	
Beginning balance	$ 3,940	$ 3,634
Currency translation	(100)	306
Ending balance	$ 3,840	$ 3,940

Primatene® Trademark

In January 2009, the Company acquired the exclusive rights to the trademark, domain name, website and domestic marketing, distribution and selling rights related to Primatene Mist®, an over-the-counter bronchodilator product, recorded at the allocated fair value of $29.2 million, which is its carrying value as of June 30, 2021.

The trademark was determined to have an indefinite life. In determining its indefinite life, the Company considered the following: the expected use of the intangible; the longevity of the brand; the legal, regulatory and contractual provisions that affect their maximum useful life; the Company's ability to renew or extend the asset's legal or contractual life without substantial costs; effects of the regulatory environment; expected changes in distribution channels; maintenance expenditures required to obtain the expected future cash flows from the asset; and considerations for obsolescence, demand, competition and other economic factors.

Note 11. Inventories

Inventories consist of the following:

	June 30, 2021	December 31, 2020
	(in thousands)	
Raw materials and supplies	$ 43,747	$ 47,051
Work in process	35,499	37,257
Finished goods	18,685	12,523
Total inventories	$ 97,931	$ 96,831

Charges of $1.4 million and $10.9 million were included in the cost of revenues in the Company's condensed consolidated statements of operations for the three and six months ended June 30, 2021, respectively, to adjust the Company's inventory and related firm purchase commitments to their net realizable value. For the three and six months ended June 30, 2020, charges of $8.1 million and $10.2 million were included in the cost of revenues, respectively, to adjust the Company's inventory and related firm purchase commitments to their net realizable value.

Losses on firm purchase commitments related to raw materials on order were $2.9 million and $5.4 million as of June 30, 2021 and 2020, respectively.

Note 12. Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

	June 30, 2021	December 31, 2020
	(in thousands)	
Buildings	$ 126,607	$ 124,326
Leasehold improvements	30,765	30,028
Land	7,676	7,719
Machinery and equipment	213,994	211,666
Furniture, fixtures, and automobiles	27,438	26,482
Construction in progress	41,268	43,981
Total property, plant, and equipment	447,748	444,202
Less accumulated depreciation	(195,158)	(184,147)
Total property, plant, and equipment, net	$ 252,590	$ 260,055

Note 13. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

	June 30, 2021	December 31, 2020
	(in thousands)	
Accrued customer fees and rebates	$ 9,796	$ 9,029
Accrued payroll and related benefits	27,558	24,597
Accrued product returns, current portion	14,086	10,190
Accrued loss on firm purchase commitments	2,967	1,223
Accrued litigation and settlements	15,495	13,780
Other accrued liabilities	11,950	12,328
Total accrued liabilities	81,852	71,147
Accounts payable	27,752	24,357
Total accounts payable and accrued liabilities	$ 109,604	$ 95,504

Note 14. Debt

Debt consists of the following:

	June 30, 2021	December 31, 2020
	(in thousands)	
Line of Credit Facilities		
Line of credit facility with China Everbright Bank	$ —	$ 764
Line of credit facility with China Merchant Bank due August 2021	387	382
Line of credit facility with Bank of Nanjing due October 2021	155	153
Line of credit facility with Cathay Bank due May 2022	—	—
Line of credit facility with East West Bank due December 2022	—	—
Equipment line of credit facility with East West Bank due September 2025	3,216	3,216
Mortgage Loans		
Mortgage payable with East West Bank paid off May 2021	—	3,306
Mortgage payable with East West Bank due October 2026	3,300	3,334
Mortgage payable with East West Bank due June 2027	8,434	8,510
Mortgage payable with Cathay Bank due August 2027	7,172	7,268
Equipment Loans		
Equipment loan with East West Bank paid off June 2021	—	612
Equipment loan with East West Bank due December 2022	3,000	4,000
Equipment loan with East West Bank due February 2024	4,425	5,254
Other Loans and Payment Obligations		
Acquisition loan with Cathay Bank due June 2024	7,558	8,710
French government loan due July 2021	67	64
French government loans due December 2026	345	350
Equipment under Finance Leases	478	526
Total debt	38,537	46,449
Less current portion of long-term debt	8,077	12,263
Long-term debt, net of current portion	$ 30,460	$ 34,186

As of June 30, 2021, the fair value of the loans listed above approximated their carrying amount. The interest rate used in the fair value estimation was determined to be a Level 2 input. For certain loans with East West Bank, the Company has entered into fixed interest rate swap contracts to exchange the variable interest rates for fixed interest rates over the life of certain debt instruments without the exchange of the underlying notional debt amount.

Covenants

At June 30, 2021 and December 31, 2020, the Company was in compliance with its debt covenants.

Note 15. Income Taxes

The following table sets forth the Company's income tax provision (benefit) for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Income (loss) before taxes	$ 14,217	$ (1,504)	$ 19,331	$ 4,301
Income tax provision (benefit)	5,595	(75)	6,750	2,205
Net income (loss)	$ 8,622	$ (1,429)	$ 12,581	$ 2,096
Income tax provision (benefit) as a percentage of income (loss) before income taxes	39.4 %	5.0 %	34.9 %	51.3 %

The change in the Company's effective tax rate for the three and six months ended June 30, 2021, was primarily due to differences in pre-tax income (loss) positions and timing of discrete tax items.

Valuation Allowance

In assessing the need for a valuation allowance, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. Ultimately, realization depends on the existence of future taxable income. Management considers sources of taxable income such as income in prior carryback periods, future reversal of existing deferred taxable temporary differences, tax-planning strategies, and projected future taxable income.

The Company continues to record a full valuation allowance on the net deferred income tax assets of its subsidiaries AFP and Hanxin and will continue to do so until the subsidiaries generate sufficient taxable income to realize their respective deferred income tax assets.

For purposes of computing its annual effective tax rate, the Company did not benefit from its losses in the states where it files separately. This increased the Company's income tax expense by $0.1 million and $0.2 million for the three and six months ended June 30, 2021, respectively. The change in the Company's income tax benefit was immaterial for the three months ended June 30, 2020 and the increase in tax expense was $0.2 million for the six months ended June 30, 2020.

Note 16. Stockholders' Equity

Share Buyback Program

Pursuant to the Company's existing share buyback program, the Company purchased 298,727 and 503,425 shares of its common stock during the three and six months ended June 30, 2021, for total consideration of $5.5 million and $9.3 million, respectively. The Company purchased 329,391 and 976,106 shares of its common stock during the three and six months ended June 30, 2020, for total consideration of $5.8 million and $16.7 million, respectively.

In August 2021, the Company's Board of Directors authorized an increase of $20.0 million to the Company's share buyback program, which is expected to continue for an indefinite period of time. Since the inception of the program, the Company's Board of Directors have authorized a total of $160.0 million to the Company's share buyback program. The primary goal of the program is to offset dilution created by the Company's equity compensation programs.

Purchases are made through open market and private block transactions pursuant to Rule 10b5-1 plans, privately negotiated transactions or other means as determined by the Company's management and in accordance with the requirements of the SEC and applicable laws. The timing and actual number of treasury share purchases will depend on a variety of factors including price, corporate and regulatory requirements, and other conditions. These treasury share

purchases are accounted for under the cost method and are included as a component of treasury stock in the Company's condensed consolidated balance sheets.

Amended and Restated 2015 Equity Incentive Plan

As of June 30, 2021, the Company reserved an aggregate of 5,976,576 shares of common stock for future issuance under the Amended and Restated 2015 Equity Incentive Plan, or the 2015 Plan, including 1,187,386 shares, which were reserved in January 2021 pursuant to the evergreen provision in the 2015 Plan.

2014 Employee Stock Purchase Plan

As of June 30, 2021, the Company has issued 890,904 shares of common stock under the ESPP, and 1,109,096 shares of its common stock remains available for issuance under the ESPP.

In May 2021, the Company issued 83,354 shares at a weighted-average purchase price of $15.25 per share under the ESPP. For the three and six months ended June 30, 2021, the Company recorded ESPP expense of $0.2 million and $0.3 million, respectively. For the three and six months ended June 30, 2020, the Company recorded ESPP expense of $0.3 million and $0.4 million, respectively.

Share-Based Award Activity and Balances (excluding the ANP Equity Plan)

The Company accounts for share-based compensation payments in accordance with ASC 718, which requires measurement and recognition of compensation expense at fair value for all share-based payment awards made to employees and directors. Under these standards, the fair value of option awards and the option components of the Employee Stock Purchase Plan awards are estimated at the grant date using the Black-Scholes option-pricing model. The fair value of RSUs is estimated at the grant date using the Company's common share price. The portion that is ultimately expected to vest is amortized and recognized in compensation expense on a straight-line basis over the requisite service period, generally from the grant date to the vesting date.

The weighted-averages for key assumptions used in determining the fair value of options granted during the three and six months ended June 30, 2021 and 2020, are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Average volatility	41.6 %	44.0 %	42.1 %	43.1 %
Average risk-free interest rate	1.0 %	0.5 %	1.2 %	0.8 %
Weighted-average expected life in years	5.1	4.9	6.1	5.7
Dividend yield rate	— %	— %	— %	— %

A summary of option activity for the six months ended June 30, 2021, is presented below:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value[1]
				(in thousands)
Outstanding as of December 31, 2020	8,580,475	$ 15.00		
Options granted	1,385,831	18.22		
Options exercised	(594,618)	13.87		
Options cancelled	(98,949)	15.94		
Options expired	(46,492)	13.60		
Outstanding as of June 30, 2021	9,226,247	$ 15.56	5.57	$ 43,987
Exercisable as of June 30, 2021	6,322,843	$ 14.99	4.20	$ 33,863

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the estimated fair value of the Company's common stock for those awards that have an exercise price below the estimated fair value at June 30, 2021.

For the three and six months ended June 30, 2021, the Company recorded an expense of $1.9 million and $4.3 million, respectively, related to stock options granted. For the three and six months ended June 30, 2020, the Company recorded an expense of $2.6 million and $5.2 million, respectively, related to stock options granted under all plans.

In April 2020, Jason Shandell resigned from his position as the Company's President and General Counsel and as a member of the Company's board of directors. In connection with his resignation, the Company and Mr. Shandell entered into a separation agreement. As part of the separation agreement, the Company agreed to accelerate 80% of his unvested stock options and extended the expiration date of certain vested stock option awards. As a result of this modification, the Company incurred share-based compensation expense of $0.7 million, which is included within general and administration expenses in the condensed consolidated statement of operations for the six months ended June 30, 2020.

Information relating to option grants and exercises is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands, except per share data)			
Weighted-average grant date fair value per option share	$ 7.30	$ 7.15	$ 7.60	$ 5.48
Intrinsic value of options exercised	2,087	6,486	3,116	6,974
Cash received from options exercised	6,000	19,088	8,169	20,339
Total fair value of the options vested during the year	1,278	2,411	8,050	9,844

A summary of the status of the Company's non-vested options as of June 30, 2021, and changes during the six months ended June 30, 2021, is presented below:

	Options	Weighted-Average Grant Date Fair Value
Non-vested as of December 31, 2020	2,825,652	$ 6.50
Options granted	1,385,831	7.60
Options vested	(1,209,130)	6.66
Options forfeited	(98,949)	6.88
Non-vested as of June 30, 2021	2,903,404	6.95

As of June 30, 2021, there was $15.8 million of total unrecognized compensation cost, net of forfeitures, related to non-vested stock option based compensation arrangements granted under all plans. The cost is expected to be recognized over a weighted-average period of 2.7 years and will be adjusted for future changes in estimated forfeitures.

Restricted Stock Units

The Company grants restricted stock units, or RSUs, to certain employees and members of the Board of Directors with a vesting period of up to five years. The grantee receives one share of common stock at a specified future date for each RSU awarded. The RSUs may not be sold or otherwise transferred until certificates of common stock have been issued, recorded, and delivered to the participant. The RSUs do not have any voting or dividend rights prior to the issuance of certificates of the underlying common stock. The share-based expense associated with these grants was based on the Company's common stock fair value at the time of grant and is amortized over the requisite service period, which generally is the vesting period using the straight-line method. During the three and six months ended June 30, 2021, the Company recorded total expenses of $2.1 million and $4.3 million, respectively, related to RSU awards granted. During the three and six months ended June 30, 2020, the Company recorded expenses of $3.6 million and $6.0 million, respectively, related to RSU awards granted.

As part of the separation agreement with Mr. Shandell, the Company agreed to accelerate the vesting of 80% of his RSU awards. As a result of this modification, the Company incurred share-based compensation expense of $1.6 million, which is included within general and administrative expenses in the condensed consolidated statement of operations for the six months ended June 30, 2020.

As of June 30, 2021, there was $16.8 million of total unrecognized compensation cost, net of forfeitures, related to non-vested RSU-based compensation arrangements granted under all plans. The cost is expected to be recognized over a weighted-average period of 2.7 years and will be adjusted for future changes in estimated forfeitures.

Information relating to RSU grants and deliveries is as follows:

	Total RSUs Issued	Total Fair Market Value of RSUs Issued as Compensation[1] (in thousands)
RSUs outstanding at December 31, 2020	1,156,518	
RSUs granted	579,058	$ 10,534
RSUs forfeited	(43,260)	
RSUs vested[2]	(481,527)	
RSUs outstanding at June 30, 2021	1,210,789	

(1) The total fair market value is derived from the number of RSUs granted times the current stock price on the date of grant.
(2) Of the vested RSUs, 162,464 shares of common stock were surrendered to fulfill tax withholding obligations.

The 2018 ANP Equity Incentive Plan

In December 2018, ANP's board of directors approved the 2018 ANP Equity Incentive Plan, or the 2018 Plan, which was set to expire in December 2023. The 2018 Plan permitted the grant of stock options and other equity awards in ANP shares to ANP employees.

During the second quarter of 2021, in connection with the ANP restructuring, the Company terminated the 2018 Plan.

At the time of the 2018 Plan termination, the number of stock options outstanding was 5,018,880. As part of the termination, ANP cash settled 4,091,080 stock options, of which, 1,944,771 stock options were vested and 2,146,309

stock options were unvested, for $0.8 million which approximated the fair value of these awards at the time of settlement. The cash settlement of these awards was recorded as a reduction in equity.

For the remaining 927,800 stock option awards that were outstanding under the 2018 Plan, of which 56,925 stock options were vested and 870,875 were unvested, the Company cancelled these awards and issued replacement awards under the 2015 Plan. The modified awards vest over periods ranging from 1 to 2 years and have a 10-year contractual term. The cancellation and replacement of the awards was accounted for as a modification in accordance with ASC 718.

As a result of the modification, the Company incurred $2.3 million of share-based compensation expense, of which $1.8 million was recorded within general and administrative expenses in the condensed consolidated statement of operations for the three and six months ended June 30, 2021, and the remaining $0.5 million which will be recognized over the vesting period of the modified awards.

Prior to the termination and modification of the 2018 Plan, during the three and six months ended June 30, 2020, the Company recorded expense of $0.2 million and $0.3 million related to stock options issued by ANP under the 2018 Plan, respectively.

Share-based Compensation Expense

The Company recorded share-based compensation expense, which is included in the Company's condensed consolidated statement of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Cost of revenues	$ 932	$ 970	$ 2,078	$ 2,329
Operating expenses:				
Selling, distribution, and marketing	147	123	274	230
General and administrative	4,568	5,052	7,536	8,271
Research and development	437	368	1,030	965
Total share-based compensation	$ 6,084	$ 6,513	$ 10,918	$ 11,795

Note 17. Employee Benefits

401(k) Plan

The Company has a defined contribution 401(k) plan, or the Plan, whereby eligible employees voluntarily contribute up to a defined percentage of their annual compensation. The Company matches contributions at a rate of 50% on the first 6% of employee contributions, and pays the administrative costs of the Plan. Total employer contributions for the three and six months ended June 30, 2021 were approximately $0.6 million and $1.1 million, respectively, compared to the prior year expense of $0.5 million and $1.0 million for the three and six months ended June 30, 2020, respectively.

Defined Benefit Pension Plan

The Company's subsidiary, AFP, has an obligation associated with a defined-benefit plan for its eligible employees. This plan provides benefits to the employees from the date of retirement and is based on the employee's length of time employed by the Company. The calculation is based on a statistical calculation combining a number of factors that include the employee's age, length of service, and AFP employee turnover rate.

The liability under the plan is based on a discount rate of 0.3% as of June 30, 2021 and December 31, 2020. The liability is included in accrued liabilities in the accompanying condensed consolidated balance sheets. The plan is currently unfunded, and the benefit obligation under the plan was $3.0 million at June 30, 2021 and December 31, 2020. The

Company recorded an immaterial amount of expense under the plan for the three and six months ended June 30, 2021 and 2020.

Deferred Compensation Plan

In December 2019, the Company established a non-qualified deferred compensation plan. The deferred compensation plan allows certain eligible participants to defer a portion of their cash compensation and provides a matching contribution at the discretion of the Company. The plan obligations are payable upon retirement, termination of employment and/or certain other times in a lump-sum distribution or in installments, as elected by the participant in accordance with the plan. Participants can allocate their deferred compensation amongst various investment options with earnings accruing to the participant. The Company has established a Rabbi Trust to fund the plan obligations and to hold the plan assets. Eligible participants began contributing to the plan in January 2020. As of June 30, 2021, the plan assets and liabilities were valued at approximately $2.4 million and $2.5 million, respectively. As of December 31, 2020, the plan assets and liabilities were valued at approximately $1.6 million and $1.7 million, respectively.

Note 18. Commitments and Contingencies

Purchase Commitments

As of June 30, 2021, the Company has entered into commitments to purchase equipment and raw materials for an aggregate amount of approximately $55.7 million. The Company anticipates that most of these commitments with a remaining term in excess of one year will be fulfilled by 2022.

Note 19. Litigation

Amphastar Pharmaceuticals, Inc. v. Aventis Pharma, SA

In January 2009, the Company filed a qui tam complaint in the U.S. District Court for the Central District of California, alleging that Aventis Pharma S.A., or Aventis, through its acquisition of a patent through false and misleading statements to the U.S. Patent and Trademark Office, as well as through false and misleading statements to the FDA, overcharged the federal and state governments for its Lovenox® product.

On May 11, 2017, the Company's lawsuit against Aventis was dismissed for lack of jurisdiction. On July 14, 2017, Aventis filed an application with the District Court for entitlement to attorneys' fees and expenses. On November 20, 2017, the District Court issued its order granting Aventis' application for fees, and on November 13, 2020, the Court issued an Order ("November Order") awarding Aventis $12.1 million in attorneys' fees and $0.7 million in cost and expenses.

On May 3, 2021, the Court issued a further Order based upon supplemental application to the Court seeking fees, expenses, and interest for the period after, and not covered by, the November Order. The Court awarded Aventis an additional $4.4 million bringing the total awarded Aventis to $17.2 million.

The Company had previously accrued $12.8 million as of December 31, 2020, based upon the November Order. As a result of the most recent ruling, the Company recorded an additional charge of $4.4 million for the three months ended March 31, 2021, in other income (expenses), in the condensed consolidated statement of operations. This amount represented management's best estimate of the probable loss at that time.

On June 30, 2021, the Company and Aventis entered into a settlement agreement to settle the attorney fees' and expenses for $14.5 million. As a result of this settlement, the accrual amount was reduced by $2.7 million for the three months ended June 30, 2021, with a corresponding credit to other income (expense) in the consolidated statement of operations.

Regadenoson (0.4 mg/5 mL, 0.08 mg/mL) Patent Litigation

On February 25, 2020, Astellas US LLC, Astellas Pharma US, Inc., and Gilead Sciences, Inc. (collectively, "Astellas-Gilead") filed a Complaint in the United States District Court for the District of Delaware against IMS for infringement of U.S. Patent Nos. 8,106,183 (the "'183 patent"), RE47,301 (the "'301 patent"), and 8,524,883 (the "'883 patent") (collectively, "Astellas-Gilead Patents") with regard to IMS's ANDA No. 214,252 for approval to manufacture and sell 0.4 mg/5 mL (0.08 mg/mL) intravenous solution of Regadenoson. On March 4, 2020, IMS filed its Answer and Counterclaims. On March 30, 2020, the Court issued an Order allowing the Company to join pending consolidated litigation with five other generic Regadenoson ANDA filers involving similar claims. Trial is currently scheduled for January 2022. The Company's 30-month FDA stay expires August 10, 2022. Currently, this lawsuit does not expose the Company to any liabilities, as the product has not been launched. The Company intends to vigorously defend this patent lawsuit.

Ramirez v. Amphastar Pharmaceuticals, Inc.

On May 29, 2020, Priscilla Ramirez ("Ramirez"), a former employee filed a PAGA lawsuit for alleged violations of various California labor laws pertaining to wage and hour against the Company. On April 5, 2021, the parties reached a settlement for $1.0 million. On June 9, 2021, Ramirez submitted a motion to the Court to approve the settlement which is still subject to approval by the Court. The Company accrued the amount of $1.0 million for this litigation as of March 31, 2021.

Other Litigation

The Company is also subject to various other claims, arbitrations, and lawsuits from time to time arising in the ordinary course of business.

The Company records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In the opinion of management, the ultimate resolution of any such matters is not expected to have a material adverse effect on its financial position, results of operations, or cash flows; however, the results of litigation and claims are inherently unpredictable and the Company's view of these matters may change in the future. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources, and other factors.

Note 20. Subsequent Events

ANP Restructuring

In July 2021, the Company completed the restructuring of ANP. As a result of the restructuring, the Company's ownership interest in ANP was increased to approximately 86%, and the ownership interest in Hanxin and its subsidiaries was reduced to approximately 20%. (See note 3)

Credit Agreement with Capital One N.A. - Due August 2026

In August 2021, the Company entered into a $140.0 million credit agreement with Capital One N.A. acting as a lender and as agent for other lenders. Under the terms of the credit agreement, the Company will borrow $70.0 million in the form of a term loan. Proceeds from the loan will be used to pay down certain of the Company's outstanding debt. The interest rate on the term loan will be based on a variable interest rate, plus an applicable margin rate determined based on the Company's net leverage ratio as defined by the terms of the agreement. The loan matures in August 2026.

The loan requires principal payments of $1.8 million per year for the first two years, which increases to $3.5 million during the third and fourth year and to $3.9 million in the fifth year, with the remaining balance due at maturity. The loan is secured by substantially all of the Company's assets, excluding assets of ANP.

Additionally, the credit agreement provides for a $70.0 million revolving credit facility, which bears a variable interest rate, plus a fixed margin.

In conjunction with the new credit agreement, the Company entered into an interest rate swap agreement with Capital One N.A., with a notional amount of $55.0 million to exchange the variable interest rate on the new term loan for a fixed rate of 0.9274%.

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

The following is a discussion and analysis of the consolidated operating results, financial condition, liquidity and cash flows of our company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with the "Condensed Consolidated Financial Statements" and the related notes thereto included in this Quarterly Report on Form 10-Q, or Quarterly Report. This discussion contains forward-looking statements that are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements. These risks, uncertainties, and other factors include, among others, those identified under the "Special Note About Forward-Looking Statements," above and described in greater detail elsewhere in this Quarterly Report and in our Annual Report on Form 10-K for the year ended December 31, 2020, particularly in Item 1A. "Risk Factors".

Overview

We are a bio-pharmaceutical company that focuses primarily on developing, manufacturing, marketing and selling technically challenging generic and proprietary injectable, inhalation, and intranasal products as well as insulin API products. We currently manufacture and sell over 20 products.

We are currently developing a portfolio of 12 generic abbreviated new drug applications, or ANDAs, three biosimilar insulin product candidates and four proprietary product candidates, which are in various stages of development and target a variety of indications. Five of the ANDAs and one NDA are currently on file with the FDA.

Our largest products by net revenues currently include Primatene Mist®, glucagon, epinephrine, enoxaparin sodium injection, lidocaine jelly and sterile solution, and phytonadione. During the second quarter of 2020, we launched our epinephrine injection, USP 30mg/mL multiple dose vial product. In December 2020, the FDA granted approval of our glucagon for injection emergency kit, 1mg, which we launched in February 2021.

To complement our internal growth and expertise, we have made several strategic acquisitions of companies, products and technologies. These acquisitions collectively have strengthened our core injectable and inhalation product technology infrastructure by providing additional manufacturing, marketing, and research and development capabilities, including the ability to manufacture raw materials, API and other components for our products.

Included in these acquisitions are marketing authorizations for 33 products in the UK, Ireland, Australia, and New Zealand, representing 11 different injectable chemical entities. We are in the process of transferring the manufacturing of these products to our facilities in California, which will require approvals from the UK Medicines and Healthcare products Regulatory Agency before we can relaunch the products.

In July 2018, our Chinese subsidiary, ANP, completed a private placement of its common equity interest and received approximately $56.3 million of cash proceeds. We have retained approximately 58% of the equity interest in ANP following the private placement. ANP's net income or loss after July 2, 2018, is attributed to us in accordance with our equity interest of approximately 58% in ANP.

In May 2021, the board of directors approved a plan for the restructuring of the equity ownership of ANP, whereby we would purchase additional ownership interest in ANP from certain equity holders of ANP (the "Sellers"), and spin-off certain subsidiaries of ANP. The Sellers include some of the Company's executive officers, directors and other related parties who participated in the ANP Private Placement in 2018.

The ANP restructuring was completed in July 2021, we paid approximately $29.4 million in cash and contributed approximately 80% of Hanxin Pharmaceutical Technology Co., Ltd, or Hanxin, to the Sellers in exchange for additional ownership interest in ANP, such that we now own approximately 86% of ANP and ANP retained approximately 20% of

ownership in Hanxin. Hanxin's wholly owned subsidiaries, Nanjing Baixin Trading Co., Ltd., and Nanjing Letop Biological Technology Co., Ltd., were included in the split-off of Hanxin.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus, or COVID-19, as a pandemic, which continues to spread throughout the world, including locations where we operate, such as the United States, China and France. We have been actively monitoring the COVID-19 pandemic, including regarding the Delta variant, and its impact globally. Currently, our production facilities in all of our locations continue to operate as they had prior to the COVID-19 pandemic with few changes, other than for enhanced safety measures intended to prevent the spread of the virus.

As a result of the COVID-19 pandemic, during the first half of 2020, sales of Primatene Mist® and certain hospital products increased, while sales of certain products frequently used in elective procedures, such as Cortrosyn® and lidocaine products decreased. We saw these trends continue in late 2020 and early 2021 when COVID cases trended higher. During the second quarter of 2021, the sales of these products, frequently used in elective procedures returned to their normal level.

Some of our ongoing clinical trials experienced short-term interruptions in the recruitment of patients due to the COVID-19 pandemic, as hospitals prioritize their resources towards the COVID-19 pandemic and governments impose travel restrictions. Some clinical trials experienced increased expenses due to new protocols to protect participants from COVID-19. Additionally, certain suppliers had difficulties meeting their delivery commitments.

It is not possible at this time to estimate the complete impact that COVID-19 could have on our business, including our customers and suppliers, as the impact will depend on future developments, which are highly uncertain and cannot be predicted. Infections may resurge or become more widespread and the limitation on our ability to travel and timely sell and distribute our products, as well as any closures or supply disruptions, may be extended for longer periods of time, all of which would have a negative impact on our business, financial condition and operating results.

The COVID-19 pandemic has and will continue to adversely affect global economies and financial markets, potentially resulting in an economic downturn that could affect demand for our products and impact our operating results. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of the continued global economic impact of the pandemic. We cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact our business. See the "Risk Factors" section for further discussion of the possible impact of the COVID-19 pandemic on our business.

Business Segments

As of June 30, 2021, our performance is assessed and resources are allocated based on the following two reportable segments: (1) finished pharmaceutical products and (2) API products. The finished pharmaceutical products segment manufactures, markets and distributes Primatene Mist®, glucagon, enoxaparin, naloxone, phytonadione, lidocaine, epinephrine, as well as various other critical and non-critical care drugs. The API segment manufactures and distributes RHI API and porcine insulin API for external customers and internal product development. Information reported herein is consistent with how it is reviewed and evaluated by our chief operating decision maker. Factors used to identify our segments include markets, customers and products.

For more information regarding our segments, see "Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Segment Reporting."

Results of Operations

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Net revenues

	Three Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Net revenues				
Finished pharmaceutical products	$ 94,722	$ 80,935	$ 13,787	17 %
API	6,941	4,871	2,070	42 %
Total net revenues	$ 101,663	$ 85,806	$ 15,857	18 %
Cost of revenues				
Finished pharmaceutical products	$ 45,108	$ 45,498	$ (390)	(1)%
API	9,179	7,131	2,048	29 %
Total cost of revenues	$ 54,287	$ 52,629	$ 1,658	3 %
Gross profit	$ 47,376	$ 33,177	$ 14,199	43 %
as % of net revenues	*47 %*	*39 %*		

The increase in net revenues of the finished pharmaceutical products for the three months ended June 30, 2021 was due to the following changes:

	Three Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Finished pharmaceutical products net revenues				
Primatene Mist®	$ 16,680	$ 12,468	$ 4,212	34 %
Glucagon	12,131	—	12,131	N/A
Lidocaine	11,594	7,608	3,986	52 %
Phytonadione	10,421	10,689	(268)	(3)%
Enoxaparin	9,328	10,218	(890)	(9)%
Epinephrine	9,192	6,957	2,235	32 %
Naloxone	6,625	8,723	(2,098)	(24)%
Other finished pharmaceutical products	18,751	24,272	(5,521)	(23)%
Total finished pharmaceutical products net revenues	$ 94,722	$ 80,935	$ 13,787	17 %

We launched glucagon for injection emergency kit, 1mg in the first quarter of 2021. The increase in sales of Primatene Mist® for the three months ended June 30, 2021, was primarily a result of the continued success of our nationwide digital, television and radio campaign, which will continue throughout 2021 as well as an expansion of our distribution channels throughout 2020 and 2021. The increase in sales of lidocaine and epinephrine was primarily due an increase in unit volumes, as a result of higher demand due to a market shortage. The decrease in sales of enoxaparin was primarily due to lower average selling price as a competitor re-entered the market. The decrease in sales of Naloxone was primarily due to lower average selling price as a result of a competitor entering the market. The decrease in sales of phytonadione was primarily due to lower unit volumes as a result of decreased market demand. The decrease in other finished pharmaceutical products was primarily due to lower unit volumes as a result of competitors returning to their normal distribution levels after being unable to supply market demands in 2020.

We anticipate that sales of naloxone and enoxaparin will continue to fluctuate in the future as a result of changing levels of competition.

Sales of API primarily depend on the timing of customer purchases. In May 2021, we amended the Supply Agreement with MannKind Corporation, or MannKind, whereby MannKind's aggregate total commitment of RHI API under the Supply Agreement was modified and extended for an additional year through 2027, which timeframe would have previously lapsed after calendar year 2026. MannKind has agreed to pay us an amendment fee of $2.0 million. We received the first payment of the amendment fee of $1.0 million in June 2021 and recognized $0.5 million in net revenues during the three months ended June 30, 2021. The remaining $0.5 million was recorded as a contract liability in our condensed consolidated balance sheet as of June 30, 2021 and will be recognized ratably to net revenues over the remaining quarters in 2021. The remaining balance of $1.0 million of the amendment fee is due January 2022 and relates to the amendments to the 2022 supply level and will be recognized ratably to net revenues in 2022.

We anticipate that sales of API will continue to fluctuate and may decrease due to the inherent uncertainties related to sales to MannKind Corporation pursuant to our supply agreement with them. In addition, most of our API sales are denominated in euros, and the fluctuation in the value of euros versus the U.S. dollar has had, and will continue to have, an impact on API sales revenues in the near term.

A significant portion of our customer shipments in any period relate to orders received and shipped in the same period, generally resulting in low product backlog relative to total shipments at any time. We had no significant backlog as of June 30, 2021. Historically, our backlog has not been a meaningful indicator in any given period of our ability to achieve any particular level of overall revenue or financial performance.

Gross margins

The increase in sales of Primatene Mist® and our epinephrine injection multiple dose vial, as well as the launch of glucagon for injection emergency kit during the first quarter of 2021, which are higher-margin products, helped increase our gross margins for the three months ended June 30, 2021. These increases in gross margins were partially offset by lower pricing and increased costs for enoxaparin, particularly the cost for heparin raw material, which is used as the starting material for enoxaparin.

The cost of heparin may increase further, putting downward pressure on our gross margins. However, we believe that this trend will be offset by sales of our higher-margin products, such as Primatene Mist®, and epinephrine multi dose vials, which were launched over the past few years and by glucagon which was launched in 2021. Additionally, we have not seen significant supply disruptions due to the COVID-19 pandemic at this time, but we are continuing to monitor our supply chain for any potential problems.

Selling, distribution and marketing, and general and administrative

	Three Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Selling, distribution, and marketing	$ 4,129	$ 4,026	$ 103	3 %
General and administrative	$ 14,565	$ 15,924	$ (1,359)	(9)%

The increase in selling, distribution, and marketing expenses was primarily due to marketing expenses related to Primatene Mist®. The decrease in general and administrative expense was primarily due to cash compensation and share-based compensation expense relating to the separation agreement that we entered into with a former executive during the second quarter of 2020. This was partially offset by an increase in legal expenses.

We expect that selling, distribution and marketing expenses will increase due to the increase in marketing expenditures for Primatene Mist®. Legal fees may fluctuate due to the timing of patent challenges and other litigation matters.

Research and development

	Three Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Salaries and personnel-related expenses	$ 7,625	$ 6,682	$ 943	14 %
Clinical trials	1,603	1,429	174	12 %
FDA fees	40	45	(5)	(11)%
Testing, operating and lab supplies	3,458	3,343	115	3 %
Depreciation	2,955	2,459	496	20 %
Other expenses	2,441	2,191	250	11 %
Total research and development expenses	$ 18,122	$ 16,149	$ 1,973	12 %

Research and development expense increased due to an increase in salaries and personnel-related expenses as well as depreciation expense.

Research and development costs consist primarily of costs associated with the research and development of our product candidates including the cost of developing APIs. We expense research and development costs as incurred.

We have made, and expect to continue to make, substantial investments in research and development to expand our product portfolio and grow our business. We expect that research and development expenses will increase on an annual basis due to increased clinical trial costs related to our biosimilar and inhalation product candidates. These expenditures will include costs of APIs developed internally as well as APIs purchased externally, the cost of purchasing reference listed drugs and the costs of performing the clinical trials. As we undertake new and challenging research and development projects, we anticipate that the associated costs will increase significantly over the next several quarters and years. Over the past year, some of our ongoing clinical trials experienced short term interruptions in the recruitment of patients due to the COVID-19 pandemic, as hospitals prioritized their resources towards the COVID-19 pandemic and government imposed travel restrictions. These conditions may in turn delay spending and the results of these trials. Additionally, some clinical trials experienced increased expenses due to new protocols to protect participants from COVID-19.

Other income (expenses), net

	Three Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Other income (expenses), net	$ 3,601	$ 1,255	$ 2,346	NM

In June 2021, we reached a final settlement with Aventis, which resulted in the reduction of the accrued expense by $2.7 million. For more information regarding our litigation matters, see Note 19 to the condensed consolidated financial statements.

Income tax provision (benefit)

	Three Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Income tax provision (benefit)	$ 5,595	$ (75)	$ 5,670	NM
Effective tax rate	*39 %*	*5 %*		

Our effective tax rate for the three months ended June 30, 2021 increased in comparison to the three months ended June 30, 2020, primarily due to differences in pre-tax income (loss) positions and timing of discrete tax items.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Net revenues

	Six Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Net revenues				
Finished pharmaceutical products	$ 192,604	$ 162,233	$ 30,371	19 %
API	12,079	8,261	3,818	46 %
Total net revenues	$ 204,683	$ 170,494	$ 34,189	20 %
Cost of revenues				
Finished pharmaceutical products	$ 97,704	$ 87,986	$ 9,718	11 %
API	14,657	12,508	2,149	17 %
Total cost of revenues	$ 112,361	$ 100,494	$ 11,867	12 %
Gross profit	$ 92,322	$ 70,000	$ 22,322	32 %
as % of net revenues	*45 %*	*41 %*		

The increase in net revenues of the finished pharmaceutical products for the six months ended June 30, 2021, was due to the following changes:

	Six Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Finished pharmaceutical products net revenues				
Primatene Mist®	$ 35,063	$ 25,345	$ 9,718	38 %
Epinephrine	24,770	10,947	13,823	126 %
Lidocaine	20,665	18,265	2,400	13 %
Glucagon	20,115	—	20,115	N/A
Enoxaparin	19,986	19,386	600	3 %
Phytonadione	19,986	21,718	(1,732)	(8)%
Naloxone	12,966	17,598	(4,632)	(26)%
Other finished pharmaceutical products	39,053	48,974	(9,921)	(20)%
Total finished pharmaceutical products net revenues	$ 192,604	$ 162,233	$ 30,371	19 %

We launched glucagon for injection emergency kit, 1mg in the first quarter of 2021. The increase in sales of Primatene Mist® for the six months ended June 30, 2021, was primarily a result of the continued success of our nationwide digital, television and radio campaign, which will continue throughout 2021 as well as an expansion of our distribution channels throughout 2020 and 2021. The increase in sales of epinephrine was primarily due to the launch of our epinephrine injection, USP 30mg/30mL multiple dose vial product in the second quarter of 2020, as well as an increase in unit volumes, as a result of higher demand due to a market shortage for pre-filled syringes. The increase in sales of lidocaine was primarily due to an increase in unit volumes, as a result of a market shortage. Sales of enoxaparin increased $3.2 million due to an increase in unit volumes, which was primarily offset by lower average selling price as a competitor re-entered the market during the second quarter of 2021. The decrease in sales of Naloxone was primarily due a to lower average selling price as a result of a competitor entering the market. The decrease in sales of phytonadione was primarily due to lower unit volumes as a result of decreased market demand. The decrease in other finished pharmaceutical products was primarily due to lower unit volumes as a result of competitors returning to their normal distribution levels after being unable to supply market demands in 2020.

We anticipate that sales of naloxone and enoxaparin will continue to fluctuate in the future as a result of changing levels of competition.

Sales of API primarily depend on the timing of customer purchases. As a result of the amendment to the Supply Agreement with MannKind, we received the first payment of the amendment fee of $1.0 million in June 2021 and recognized $0.5 million in net revenues during the three months ended June 30, 2021. The remaining $0.5 million was recorded as a contract liability in our condensed consolidated balance sheet as of June 30, 2021 and will be recognized ratably in net revenues over the remaining quarters in 2021. The remaining balance of $1.0 million of the amendment fee is due January 2022 and relates to the amendments to the 2022 supply level and will be recognized ratably to net revenues in 2022.

We anticipate that sales of API will continue to fluctuate and may decrease due to the inherent uncertainties related to sales to MannKind Corporation pursuant to our supply agreement with them. In addition, most of our API sales are denominated in euros, and the fluctuation in the value of euros versus the U.S. dollar has had, and will continue to have, an impact on API sales revenues in the near term.

A significant portion of our customer shipments in any period relate to orders received and shipped in the same period, generally resulting in low product backlog relative to total shipments at any time. We had no significant backlog as of June 30, 2021. Historically, our backlog has not been a meaningful indicator in any given period of our ability to achieve any particular level of overall revenue or financial performance.

Gross margins

The increase in sales of Primatene Mist®, the launch of glucagon for injection emergency kit during the first quarter of 2021, as well as the launch of our epinephrine injection multiple dose vial in the second quarter of 2020, which are higher-margin products, helped increase our gross margins for the six months ended June 30, 2021. These increases in gross margins were partially offset by lower pricing and increased costs for enoxaparin, particularly the cost for heparin raw material, which is used as the starting material for enoxaparin.

The cost of heparin may increase further, putting downward pressure on our gross margins. However, we believe that this trend will be offset by sales of our higher-margin products, such as Primatene Mist®, and epinephrine multi dose vials, which were launched over the past few years and by glucagon which was launched in 2021. Additionally, we have not seen significant supply disruptions due to the COVID-19 pandemic at this time, but we are continuing to monitor our supply chain for any potential problems.

Selling, distribution and marketing, and general and administrative

	Six Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Selling, distribution, and marketing	$ 8,666	$ 7,320	$ 1,346	18 %
General and administrative	$ 29,903	$ 26,670	$ 3,233	12 %

The increase in selling, distribution, and marketing expenses was primarily due to marketing and distribution expenses related to Primatene Mist®, including the cost of creating a new commercial for our national digital, television and radio marketing campaign. The increase in general and administrative expense was primarily due to an increase in legal expenses (see note 19 to the condensed consolidated financial statements for more information regarding litigation matters).

We expect that selling, distribution and marketing expenses will increase due to the increase in marketing expenditures for Primatene Mist®. Legal fees may fluctuate due to the timing of patent challenges and other litigation matters.

Research and development

	Six Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Salaries and personnel-related expenses	$ 14,604	$ 12,902	$ 1,702	13 %
Clinical trials	2,341	3,884	(1,543)	(40)%
FDA fees	80	89	(9)	(10)%
Testing, operating and lab supplies	5,611	6,031	(420)	(7)%
Depreciation	5,893	4,807	1,086	23 %
Other expenses	4,358	3,739	619	17 %
Total research and development expenses	$ 32,887	$ 31,452	$ 1,435	5 %

The increase in research and development expenses is primarily due to an increase in salaries and personnel-related expenses as well as depreciation expense. This was partially offset by the completion of one of our clinical trial studies at the end of 2020 and delays in other studies.

Research and development costs consist primarily of costs associated with the research and development of our product candidates including the cost of developing APIs. We expense research and development costs as incurred.

We have made, and expect to continue to make, substantial investments in research and development to expand our product portfolio and grow our business. We expect that research and development expenses will increase on an annual basis due to increased clinical trial costs related to our biosimilar and inhalation product candidates. These expenditures will include costs of APIs developed internally as well as APIs purchased externally, the cost of purchasing reference listed drugs and the costs of performing the clinical trials. As we undertake new and challenging research and development projects, we anticipate that the associated costs will increase significantly over the next several quarters and years. Over the past year, some of our ongoing clinical trials experienced short term interruptions in the recruitment of patients due to the COVID-19 pandemic, as hospitals prioritized their resources towards the COVID-19 pandemic and government imposed travel restrictions. These conditions may in turn delay spending and the results of these trials. Additionally, some clinical trials experienced increased expenses due to new protocols to protect participants from COVID-19.

Other income (expenses), net

	Six Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Other income (expenses), net	$ (1,648)	$ (497)	$ (1,151)	NM

In June 2021, we reached a settlement in the Aventis litigation, which resulted in the reduction of the accrued expense for the settlement amount by $2.7 million. An expense of $4.4 million had been recorded in the first quarter of 2021 in connection with the settlement. For more information regarding our litigation matters, see Note 19 to the condensed consolidated financial statements.

Income tax provision

	Six Months Ended June 30,		Change	
	2021	2020	Dollars	%
	(in thousands)			
Income tax provision	$ 6,750	$ 2,205	$ 4,545	NM
Effective tax rate	*35 %*	*51 %*		

Our effective tax rate for the six months ended June 30, 2021 decreased in comparison to the six months ended June 30, 2020, primarily due to differences in pre-tax income positions.

Liquidity and Capital Resources

Cash Requirements and Sources

We need capital resources to maintain and expand our business. We expect our cash requirements to increase significantly in the foreseeable future as we sponsor clinical trials for, seek regulatory approvals of, and develop, manufacture and market our current development-stage product candidates and pursue strategic acquisitions of businesses or assets. Our future capital expenditures include projects to upgrade, expand, and improve our manufacturing facilities in the United States, China, and France. Our cash obligations include the principal and interest payments due on our existing loans and lease payments, as described below and throughout this Quarterly Report.

As of June 30, 2021, our foreign subsidiaries collectively held $8.4 million in cash and cash equivalents. Cash or cash equivalents held at foreign subsidiaries are not available to fund the parent company's operations in the United States. We believe that our cash reserves, operating cash flows, and borrowing availability under our credit facilities will be sufficient to fund our operations for at least the next 12 months from the date of filing of this Quarterly Report on Form 10-Q. We expect additional cash flows to be generated in the longer term from future product introductions, although there can be no assurance as to the receipt of regulatory approval for any product candidates that we are developing or the timing of any product introductions, which could be lengthy or ultimately unsuccessful.

We maintain a shelf registration statement on Form S-3 pursuant to which we may, from time to time, sell up to an aggregate of $250 million of our common stock, preferred stock, depositary shares, warrants, units, or debt securities. If we require or elect to seek additional capital through debt or equity financing in the future, we may not be able to raise capital on terms acceptable to us or at all. To the extent we raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities will result in dilution to our stockholders. If we are required and unable to raise additional capital when desired, our business, operating results and financial condition may be adversely affected.

Working capital increased by $18.9 million to $186.4 million at June 30, 2021, compared to $167.5 million at December 31, 2020.

Cash Flows from Operations

The following table summarizes our cash flows used in operating, investing, and financing activities for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30,	
	2021	2020
	(in thousands)	
Statement of Cash Flow Data:		
Net cash provided by (used in)		
Operating activities	$ 54,984	$ 31,566
Investing activities	(12,949)	(18,788)
Financing activities	(11,830)	1,007
Effect of exchange rate changes on cash	(121)	(82)
Net increase in cash, cash equivalents, and restricted cash	$ 30,084	$ 13,703

Sources and Use of Cash

Operating Activities

Net cash provided by operating activities was $55.0 million for the six months ended June 30, 2021, which included net income of $12.6 million. Non-cash items comprised primarily of $13.7 million of depreciation and amortization, and $10.9 million of share-based compensation expense.

Additionally, for the six months ended June 30, 2021, there was a net cash inflow from changes in operating assets and liabilities of $17.5 million, which resulted from an increase in accounts payable and accrued liabilities, which was partially offset by an increase in accounts receivable. Accounts payable and accrued liabilities increased primarily due to the timing of payments. The increase in accounts receivable was due to both increases in sales and the timing of sales.

Net cash provided by operating activities was $31.6 million for the six months ended June 30, 2020, which included net income of $2.1 million. Non-cash items were primarily comprised of $11.7 million of depreciation and amortization, and $11.8 million of share-based compensation expense. Additionally, for the six months ended June 30, 2020, there was a net cash inflow from changes in operating assets and liabilities of $4.3 million, which resulted from a decrease in inventory and an increase in accounts payable and accrued liabilities, which was partially offset by an increase in accounts receivable. The increase in accounts receivable was due to the timing of sales. Accounts payable and accrued liabilities decreased primarily due to the timing of payments.

Investing Activities

Net cash used in investing activities was $12.9 million for the six months ended June 30, 2021, primarily as a result of $13.4 million in purchases of property, plant, and equipment, which included $6.9 million incurred in the United States, $0.3 million in France, and $6.2 million in China.

Net cash used in investing activities was $18.8 million for the six months ended June 30, 2020, primarily as a result of $18.9 million in purchases of property, plant, and equipment, which included $3.3 million incurred in the United States, $2.2 million in France, and $13.4 million in China.

Financing Activities

Net cash used in financing activities was $11.8 million for the six months ended June 30, 2021, primarily as a result of $9.3 million used to purchase treasury stock and $0.8 million relating to the cash settlement of certain awards under the 2018 ANP equity plan in connection with the ANP restructuring. This was partially offset by $6.4 million in net proceeds from the settlement of share-based compensation awards under our equity plans. Additionally, we also made $8.0 million in principal payments on our long-term debt and line of credit.

Net cash provided by financing activities was $1.0 million for the six months ended June 30, 2020, primarily as a result of $18.2 million in net proceeds from the settlement of share-based compensation awards under our equity plans offset by $16.7 million used to purchase treasury stock. Additionally, we received $3.8 million from borrowings on our lines of credit, of which $3.1 million was converted into an equipment loan during the year. We also made $4.3 million in principal payments on our long-term debt.

Indebtedness

For more information regarding our outstanding indebtedness, see “Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Debt”.

Contractual Obligations

There have been no material changes outside the ordinary course of our business in the contractual obligations disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020, except that our outstanding debt obligations have changed as follows:

	June 30, 2021	December 31, 2020	Change
		(in thousands)	
Short-term debt and current portion of long-term debt	$ 8,077	$ 12,263	$ (4,186)
Long-term debt	30,460	34,186	(3,726)
Total debt	$ 38,537	$ 46,449	$ (7,912)

As of June 30, 2021, we had $56.0 million in unused borrowing capacity under revolving lines of credit and equipment lines of credit with Cathay Bank, East West Bank, and China Merchant Bank.

Subsequent to the end of the quarter ended June 30, 2021, we entered into a $70.0 million revolving line of credit with Capital One N.A., and terminated the lines of credit and equipment lines of credit with Cathay Bank and East West Bank.

Critical Accounting Policies

The preparation of our condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes to the financial statements. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions. A summary of our critical accounting policies is presented in Part II, Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2020.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, see "Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Summary of Significant Accounting Policies".

Off-Balance Sheet Arrangements

We do not have any relationships or financial partnerships with unconsolidated entities, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts.

Government Regulation

Our products and facilities are subject to regulation by a number of federal and state governmental agencies. The FDA, in particular, maintains oversight of the formulation, manufacture, distribution, packaging, and labeling of all of our products. The Drug Enforcement Administration, or DEA, maintains oversight over our products that are considered controlled substances.

From June 14 through June 22, 2021, our Amphastar facility in Rancho Cucamonga, California was subject to a pre-approval inspection by the FDA. The inspection included a review of our corrective actions taken from the previous cGMP inspection in February 2019, as well as review of data to support our pending applications. The inspections resulted in multiple observations on Form 483. We fully responded to those observations on July 14, 2021. We believe that our responses to the observations will satisfy the requirements of the FDA and that no significant further actions will be necessary.

From July 12 through July 16, 2021, our IMS facility in South El Monte, California was subject to a post-approval inspection by the FDA. The inspection included a review progress and updates since the October 2019 pre-approval inspection. The inspection resulted in no Form 483 findings. No further actions will be necessary.

From July 12 through July 14, 2021, our Armstrong facility in Canton, Massachusetts was subject to a routine inspection by the FDA. The inspection included a review of compliance with FDA regulations relating to Good Manufacturing Practices. The inspection resulted in no Form 483 findings. No further actions will be necessary.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Except for the broad, ongoing effects of the COVID-19 pandemic as a result of its negative impact on the global economy and financial markets, there have been no material changes in market risk from the information provided in our Annual Report on Form 10-K for the year ended December 31, 2020. We are exposed to market risk in the ordinary course of business. Market risk represents the potential loss arising from adverse changes in the value of financial instruments. The risk of loss is assessed based on the likelihood of adverse changes in fair values, cash flows or future earnings. We are exposed to market risk for changes in the market values of our investments (Investment Risk), the impact of interest rate changes (Interest Rate Risk), and the impact of foreign currency exchange changes (Foreign Currency Exchange Risk).

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, our principal executive and principal financial officers, respectively, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that as of such date, our disclosure controls and procedures were effective (a) to ensure that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (b) to include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Inherent Limitations of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management overriding of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, see "Part I – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Litigation".

ITEM 1A. RISK FACTORS

Except as noted below, there were no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission on March 15, 2021.

Our business may be adversely affected by the ongoing COVID-19 pandemic or other epidemics.

The ongoing COVID-19 pandemic, including the recent Delta variant, has continued to impact worldwide economic activity and financial markets. While three vaccines have received Emergency Use Authorization from the FDA, the COVID-19 pandemic remains a challenge to our business until it is abated. Mass and rapid production of the vaccines, for example, has placed increased pressure on the availability of supplies that are also used in our products, such as glass vials and needles. The COVID-19 pandemic is imposing additional burdens on our business to comply with regulations imposed by the State of California. The COVID-19 pandemic may also disrupt the operations of our customers, suppliers and partners for an indefinite period of time, including as a result of travel restrictions and/or business shutdowns, all of which could negatively impact our business and results of operations, including cash flows. Disruptions to our manufacturing partners and suppliers could result in disruption to the production of our products and failure to satisfy demand. More generally, the outbreak of COVID-19 could adversely affect economies and financial markets globally and nationally, potentially leading to an economic downturn, which could decrease spending and adversely affect demand for our products and harm our business and results of operations. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its global economic impact, including any recession that has occurred or may occur in the future. Specifically, difficult macroeconomic conditions, increased and prolonged unemployment or a decline in business confidence as a result of the COVID-19 pandemic, could have a continuing adverse effect on the demand for some of our products. The degree of impact of the COVID-19 pandemic on our business will depend on several factors, such as the duration and the extent of the pandemic, as well as actions taken by governments, businesses, and consumers in response to the pandemic, all of which continue to evolve and remain uncertain at this time.

As a result of the consequences of the COVID-19 pandemic, FDA has issued various COVID-19 related guidance documents applicable to biopharmaceutical manufacturers and clinical trial sponsors. For example, in March 2020, the FDA issued a guidance, which the FDA subsequently updated, on conducting clinical trials during the pandemic, which describes a number of considerations for sponsors of clinical trials impacted by the pandemic, including the requirement to include in the clinical trial report contingency measures implemented to manage the clinical trial, among others. The FDA also issued a guidance on good manufacturing practice considerations for responding to COVID-19 infection in employees in drug products manufacturing, and a guidance on review timelines for applicant responses to Complete Response Letters when a facility assessment is needed during the COVID-19 public health emergency. These and future guidance documents and regulatory requirements, including future legislation, may require us to develop and implement new policies and procedures, make significant adjustments to our clinical trials, or increase the amount time and resources needed for regulatory compliance, which may impact our clinical development plans and timelines.

Some of our ongoing clinical trials have experienced short term interruptions in the recruitment of patients due to the COVID-19 pandemic, as hospitals prioritize their resources toward the COVID-19 pandemic and governments impose travel restrictions. Additionally, protocols at certain clinical sites have changed which could slow down the pace of clinical trials while also increasing their cost. These conditions may in turn delay spending and delay the results of these trials. Additionally, certain suppliers have delayed shipments to us in 2020 and 2021. These delays may have been caused by manufacturing disruptions due to the COVID-19 pandemic. None of these delays caused delays in our manufacturing to date, but future delays could cause manufacturing disruptions at our factories and could also cause lost

sales.

It is not possible at this time to estimate the complete impact that the COVID-19 pandemic could have on our business, as the impact will depend on future developments, which are highly uncertain and cannot be predicted. Infections may resurge or become more widespread and the limitation on our ability to travel and timely sell and distribute our products, as well as any closures or supply disruptions, may be extended for longer periods of time, all of which would have a negative impact on our business, financial condition and operating results. We will continue to monitor the impact of the COVID-19 pandemic on all aspects of our business.

Because a portion of our manufacturing takes place in China, a significant disruption in the construction or operation of our manufacturing facility in China, political unrest in China, tariffs, impact of outbreaks of health epidemics, such as the COVID-19 pandemic, or changes in social, political, trade, health, economic, environmental, or climate-related conditions or in laws, regulations and policies governing foreign trade could materially and adversely affect our business, financial condition and results of operations.

We currently manufacture the starting material for Amphadase® and enoxaparin as well as the APIs for isoproterenol and nitroprusside at our manufacturing facility in China, and we plan to use this facility to manufacture several of the APIs for products in our pipeline. Additionally, we intend to continue to invest in the expansion of this manufacturing facility. Our manufacturing facility and operations in China involve significant risks, including:

- disruptions in the construction of the manufacturing facility;
- interruptions to our operations in China or the inability of our manufacturing facility to produce adequate quantities of raw materials or APIs to meet our needs as a result of natural catastrophic events or other causes beyond our control such as power disruptions or widespread disease outbreaks, including the recent outbreaks that impact animal-derived products, such as the importation of pig-derived crude heparin from countries impacted by the African swine flu, and outbreak of the COVID-19 pandemic, which has resulted in and may in the future result in, business closures, transportation restrictions, import and export complications, and otherwise cause shortages in the supply of raw materials or cause disruptions in our manufacturing capability;
- product supply disruptions and increased costs as a result of heightened exposure to changes in the policies of the Chinese government, political unrest or unstable economic conditions in China;
- the imposition of tariffs or other trade barriers as a result of changes in social, political, and economic conditions or in laws, regulations, and policies governing foreign trade, including the tariffs previously implemented and additional tariffs that have been proposed by the U.S. government on various imports from China and by the Chinese government on certain U.S. goods, the scope and duration of which, if implemented, remain uncertain;
- the nationalization or other expropriation of private enterprises or intellectual property by the Chinese government, which could result in the total loss of our investment in China; and
- interruptions to our manufacturing or business operations resulting from geo-political actions, including war and terrorism, natural disasters including earthquakes, typhoons, floods, and fires, or outbreaks of health epidemics such as coronavirus, or outbreaks in livestock or animals that impact or restrict importation, use, or distribution of animal-derived products.

Any of these matters could materially and adversely affect our business and results of operations. These interruptions or failures could impair our ability to operate our business, impede the commercialization of our product candidates or delay the introduction of new products, impact our product quality, or impair our competitive position.

We are actively monitoring and assessing the potential impact of the COVID-19 pandemic. This includes evaluating the impact on our employees, suppliers, and logistics providers as well as evaluating governmental actions being taken to curtail the spread of the virus. While the Chinese government has been relaxing work restrictions, at this time, it is unclear if the Chinese government will reinstate restrictions or if further restrictions will be put into place by the

government. In addition, many countries have placed significant bans on travel to and from China, with many countries and airlines suspending flights to and from mainland China. Any material adverse effect on our employees, suppliers, and logistics providers could have a material adverse effect on our manufacturing operations in China or the supply of raw materials or APIs originating from China.

Our epinephrine prefilled syringe product is marketed without FDA approval and may be subject to enforcement actions by the FDA.

Our epinephrine prefilled syringe prescription product is marketed without FDA approval. This products, like many other prescription drugs on the market that have not been formally evaluated as being effective by the FDA, contain active ingredients that were first marketed prior to the enactment of the Federal Food, Drug, and Cosmetic Act, or FFDCA. The FDA has assessed this product in a program known as the "Prescription Drug Wrap-Up" and has stated that this drug cannot be lawfully marketed unless they comply with certain "grandfather" exceptions to the definition of "new drug" in the FFDCA. These exceptions have been strictly construed by FDA and by the courts, and the FDA has stated that it is unlikely that any of the unapproved prescription drugs on the market, including our drug, qualify for the exceptions. At any time, the FDA may require that our unapproved prescription drug be submitted for approval and may direct us to recall this product and/or cease marketing the product until they are approved. The FDA may also take enforcement actions based on our marketing of this unapproved product, including but not limited to the issuance of an untitled letter or a warning letter, judicial action seeking an injunction, product seizure and/or civil or criminal penalties. The enforcement posture could change at any time and our ability to market such drugs could terminate with little or no notice. Moreover, if our competitors seek and obtain approval and market FDA-approved prescription products that compete against our unapproved prescription product, we would be subject to a higher likelihood that the FDA may seek to take action against our unapproved product. Such competitors have brought and may bring claims against us alleging unfair competition or related claims.

As a result of our meetings with the FDA in 2009, we decided to discontinue all of our products that were subject to the Prescription Drug Wrap-Up program, with the exception of epinephrine in vial form. These products were all produced at our subsidiary, IMS. During the third quarter of 2010, the FDA requested that we reintroduce several of the withdrawn products to help address a national drug shortage, while we prepared and filed applications for approval of the products. Between August and October 2010, we reintroduced our epinephrine prefilled syringes.

In February 2017, the FDA requested that we discontinue the manufacturing and distribution of our epinephrine injection, USP vial product, which had been marketed under the "grandfather" exception to the "FDA's Prescription Drug Wrap-Up program". We discontinued selling this product in the second quarter of 2017. In April 2020, the FDA granted approval of our Epinephrine Injection, USP 30mg/mL Multiple Dose Vial, and launched the product in May 2020.

The FDA granted approval of our Atropine Sulfate Injection 0.1mg/mL in the 10mL Luer-Jet® Prefilled Syringe in October 2020, our Dextrose Injection 50% in the 50mL Luer-Jet® Prefilled Syringe in March 2021 and our Morphine Sulfate Injection USP, 1mg/mL 30mL in April 2021.

Our only unapproved product currently on the market is epinephrine prefilled syringes. For the years ended December 31, 2020, 2019, and 2018, we recorded net revenues of $13.2 million, $13.9 million, and $10.1 million, respectively, for epinephrine prefilled syringes and for the six months ended June 30, 2021 and 2020, we recorded net revenues of $12.3 million and $8.3 million, respectively, for this product. We have filed an NDA with respect to our remaining unapproved product in order to mitigate all risk associated with the marketing of unapproved drug products. Prior to the approval of our NDA submission, we continue to operate in compliance with the FDA Compliance Policy Guide, CPG Sec. 440.100 Marketed New Drugs Without Approved NDAs and ANDAs.

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

(c) Issuer Purchases of Equity Securities

The table below provides information with respect to repurchases of our common stock:

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 – April 30, 2021	109,769	$ 17.51	109,769	—
May 1 – May 31, 2021	97,611	18.91	97,611	—
June 1 – June 30, 2021	91,347	19.56	91,347	—

[1] During the second quarter of 2021, we repurchased shares of our common stock as part of the share buyback program authorized by our Board of Directors on August 4, 2020. As of June 30, 2021, $8.0 million remained available under such program. In August 2021, our Board of Directors authorized an increase of $20.0 million to our share buyback program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1*	Sixth Amendment to the Supply Agreement by and between MannKind Corporation and Amphastar Pharmaceuticals, Inc., dated May 24, 2021
10.2*	Share Purchase Agreement by and between Amphastar Pharmaceuticals, Inc., Nanjing Zhongpan Enterprise Management Consulting Center (LLP), Nanjing Zhanrun Enterprise Management Consulting Center (LLP), and Listening Dragon Investment Company Limited, dated May 6, 2021
10.3*	Share Repurchase Agreement by and between Amphastar Nanjing Pharmaceuticals, Inc., Nanjing Qianqia Enterprise Management Consulting (LLP), Nanjing Zhongpan Enterprise Management Consulting Center (LLP), and Nanjing Zhanrun Enterprise Management Consulting Center (LLP), dated May 6, 2021
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1#	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2#	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
104	Cover Page Interactive File (Formatted as Inline XBRL and contained in Exhibit 101)

The information in Exhibits 32.1 and 32.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act (including this Report), unless the Registrant specifically incorporates the foregoing information into those documents by reference.

* Certain confidential information contained in this Exhibit was omitted by means of marking such portions with brackets because the identified confidential information (i) is not material and (ii) would be competitively harmful if publicly disclosed.

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.

AMPHASTAR PHARMACEUTICALS, INC.
(Registrant)
By: **/s/ JACK Y. ZHANG**
Jack Y. Zhang
Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2021

AMPHASTAR PHARMACEUTICALS, INC.
(Registrant)
By: **/s/ WILLIAM J. PETERS**
William J. Peters
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 9, 2021

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS ([***]), HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

SIXTH AMENDMENT TO SUPPLY AGREEMENT

This sixth amendment ("**Sixth Amendment**") to the Supply Agreement by and between MannKind Corporation ("**MannKind**") and Amphastar Pharmaceuticals, Inc. ("**Amphastar**"), originally dated July 31, 2014 and as previously amended on October 31, 2014 ("**First Amendment**"), November 9, 2016 ("**Second Amendment**"), April 11, 2018 ("**Third Amendment**"), December 24, 2018 ("**Fourth Amendment**") and August 2, 2019 (the "**Fifth Amendment**") (collectively, the "**Agreement**"), is hereby made as of the 24th day of May, 2021, by and between MannKind on the one hand, and on the other hand, Amphastar.

RECITALS

WHEREAS, MannKind and Amphastar entered into the Agreement pursuant to which Amphastar is to manufacture and supply the Product to MannKind, and MannKind is to purchase certain minimum quantities of the Product; and

WHEREAS MannKind and Amphastar have determined it to be mutually beneficial to amend the Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, MannKind and Amphastar hereby agree to amend the Agreement as follows:

1. Definitions. Unless otherwise defined herein, each of the capitalized terms used in this Sixth Amendment shall have the definition and meaning ascribed to it in the Agreement.

2. Amendment Fees. In order to compensate Amphastar and its subsidiaries for its unused manufacturing capacity related to year 2021 and 2022 production, MannKind shall make the following payments (in U.S. dollars) to Amphastar France Pharmaceuticals S.A.S., as manufacturer of the Product, no later than the dates specified below:

Amount	Payment Due Date
$1,000,000	June 30, 2021
$1,000,000	January 31, 2022

3. Amendments to the Agreement. Subject to Section 2 of this Sixth Amendment, the Agreement shall be, and hereby is, amended, as follows:

3.1 The table in Section 6.1 of the Agreement, as amended by the First, Second, Fourth and Fifth Amendments, shall be amended and replaced in its entirety with the following:

Calendar Year	Purchase Commitment Quantities (kg)	Purchase Price (per gram)	Delivery and Payment
2021	[***]	[***]	Q1: [***] kg (delivered March 29, 2021) Q2: [***] kg Q3: [***] kg Q4: [***] kg
2022	[***]	[***]	25% of the Purchase Commitment Quantities shall be purchased on a Quarterly basis.
2023	[***]	[***]	25% of the Purchase Commitment Quantities shall be purchased on a Quarterly basis.
2024	[***]	[***]	25% of the Purchase Commitment Quantities shall be purchased on a Quarterly basis.
2025	[***]	[***]	25% of the Purchase Commitment Quantities shall be purchased on a Quarterly basis.
2026	[***]	[***]	25% of the Purchase Commitment Quantities shall be purchased on a Quarterly basis.
2027	[***]	[***]	25% of the Purchase Commitment Quantities shall be purchased on a Quarterly basis.

3.2 Section 10.1 of the Agreement shall be extended until December 31, 2027. All other terms and conditions in Section 10.1 shall remain in full force and effect.

4. Final Agreement. From and after the execution of this Sixth Amendment, all references in the Agreement (or in the Sixth Amendment) to "this Agreement," "hereof," "herein," "hereto," and similar words or phrases shall mean and refer to the Agreement as amended by this Sixth Amendment. The Agreement as amended by this Sixth Amendment constitutes the entire agreement by and between the Parties as to the subject matter hereof. Except as expressly modified

by this Sixth Amendment, all other terms and conditions of the Agreement shall remain in full force and effect

IN WITNESS WHEREOF, each of MannKind and Amphastar has caused this Sixth Amendment to be executed by their duly authorized officers.

MannKind Corporation	**Amphastar Pharmaceuticals, Inc.**
By: /s/Steven B. Binder	By: /s/ Jacob Liawatidewi
Name: Steven B. Binder	Name: Jacob Liawatidewi
Title: Chief Executive Officer	Title: EVP Corporate Administration Center

Exhibit 10.2

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT,
MARKED BY BRACKETS ([***]), HAS BEEN OMITTED BECAUSE
THE INFORMATION (I) IS NOT MATERIAL AND
(II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED

Share Purchase Agreement
股权转让协议

May 6, 2021
2021年5月6日

Share Purchase Agreement

股权转让协议

This Share Purchase Agreement (this "**Agreement**") is executed on May 6, 2021 by the following parties:

1. **Amphastar Pharmaceuticals, Inc.,** is a company established and existing in accordance with the laws of the State of Delaware, the United States of America ("**Party A**" or "**AMPH**"), which is the majority shareholder of Amphastar Nanjing Pharmaceuticals, Inc. ("**ANP**");

2. **Nanjing Zhongpan Enterprise Management Consulting Center (LLP)**, a limited liability partnership established and existing in accordance with the laws of the PRC, with unified social credit code [**********] ("**Party B1**" or "**ZP**");

3. **Nanjing Zhanrun Enterprise Management Consulting Center (LLP),** a limited liability partnership established and existing in accordance with the laws of the PRC, with unified social credit code [**********]. ("**Party B2**" or "**ZR**"); and

4. **Listening Dragon Investment Company Limited**, a limited liability company established and existing in accordance with the laws of Hong Kong ("**Party B3**" or "**LD**").

Party A, Party B1, Party B2, and Party B3 are herein referred to as the "**Parties**" collectively, and a "**Party**" individually, according to the requirements of the context.

本股权转让协议("**本协议**")由以下各方于2021年5月6日签订:

1. **Amphastar Pharmaceuticals, Inc.,** 一家依据美国特拉华州法律设立并有效存续的公司(**"甲方"或"AMPH"**),该公司是美药星(南京)制药有限公司(**"美药星"**)的主要股东;

2. **南京众盼企业管理咨询中心(有限合伙)**,一家依据中华人民共和国法律设立并有效存续的有限合伙企业,统一社会信用代码为[**********](**"乙方1"或"众盼"**);

3. **南京沾润企业管理咨询中心(有限合伙),** 一家依据中华人民共和国法律设立并有效存续的有限合伙企业,统一社会信用代码为[**********]。("**乙方2**"或"**沾润**");及

4. **Listening Dragon Investment Company Limited**,一家依据香港法律设立并有效存续的有限责任公司。(**"乙方3"**或**"听龙"**)

视文义要求,以上甲方和乙方1,乙方2和乙方3合称为"**各方**",其中每一方或任何一方则称为"**一方**"。

Whereas:

1. As of the date hereof (the "**Execution Date**"), the capitalization structure of ANP is as follows:

Shareholders	Equity Percentage	Registered Capital (USD)
Party A (AMPH)	58.39%	61,000,000
Party B1 (ZP)	8.49%	8,870,010
Party B2 (ZR)	15.27%	15,949,365
Party B3 (LD)	2.23%	2,327,150
Nanjing Qianqia Enterprise Management Consulting (LLP)	15.62%	16,317,500
Total	**100%**	**104,464,025**

2. On May 4, 2021, the board of directors of ANP adopted resolutions to approve the Transaction (as defined below), and all shareholders of ANP waived any right of first refusal with respect to the Transaction.

Based on the above, and on the principles of equality, mutual benefit and consensus through negotiations, the Parties hereby enter into this Agreement through friendly consultations as follows:

鉴于：

1. 截至本协议签署之日("**签署日**")，美药星的股权结构如下所示：

股东	股权比例	注册资本(美元)
甲方(AMPH)	58.39%	61,000,000
乙方1(众盼)	8.49%	8,870,010
乙方2(沾润)	15.27%	15,949,365
乙方3(听龙)	2.23%	2,327,150
南京谦洽企业管理咨询中心(有限合伙)	15.62%	16,317,500
总计	**100%**	**104,464,025**

2. 2021年5月4日，美药星董事会通过了批准本次交易(定义见下文)的决议，美药星的所有股东同意放弃就本次交易享有的优先购买权。

基于上述，各方本着平等、互利和协商共识的原则，通过友好协商，特订立本协议如下：

1 The Transaction

Each of Party B1, Party B2 and Party B3 agrees to sell to Party A, and Party A agrees to purchase from Party B1, Party B2 and Party B3, the following equity interest (the "**Target Equity**") of ANP (the "**Transaction**"):

Selling Shareholders	Target Equity Percentage	Registered Capital (USD)
Party B1 (ZP)	5.55%	5,802,761
Party B2 (ZR)	9.99%	10,434,096
Party B3 (LD)	2.23%	2,327,150
Total	**17.77%**	**18,564,007**

1 本次交易

乙方1、乙方2和乙方3各自同意向甲方转让，甲方同意分别自乙方1、乙方2和乙方3受让如下所示的美药星股权（“**标的股权**”）（“**本次交易**”）。

转让股东	标的股权比例	注册资本（美元）
乙方1众盼	5.55%	5,802,761
乙方2沾润	9.99%	10,434,096
乙方3听龙	2.23%	2,327,150
总计	17.77%	18,564,007

2 Consideration of the Transaction

2.1 According to the Appraisal Report, the appraised value of the equity interest of ANP corresponding to US$1 registered capital previously invested in ANP is US$1.583. The appraised value of the Target Equity based upon registered capital of B1, B2, and B3 respectively and the appraised value of an equity interest in ANP is as follows:

Selling Shareholders	Target Equity Percentage	Registered Capital (USD)	Appraised Value (USD)
Party B1 (ZP)	5.55%	5,802,761	9,185,770
Party B2 (ZR)	9.99%	10,434,096	16,517,174
Party B3 (LD)	2.23%	2,327,150	3,683,878
Total	**17.77%**	**18,564,007**	**29,386,822**

For the purpose of this Agreement, the “**Appraisal Report**” shall mean the asset appraisal report titled *Project Star III Valuation Analysis of 100% of the Equity Interests in Amphastar Nanjing Pharmaceuticals, Inc.* issued by PricewaterhouseCoopers with the appraisal benchmark date December 31, 2020 (attached hereto as Exhibit A).

2.2 The Parties agree that the purchase price for the Target Equity (the “**Purchase Price**”) will be the appraised value of the Target Equity as set forth above.

2.3 Within five (5) days after the Closing Date, Party A shall pay Party B1 and Party B2 their respective Purchase Price to their Asset Sale Accounts (as defined below), and pay Party B3 its Purchase Price to the offshore bank account designated by Party B3. Each of Party B1, Party B2 and Party B3

shall inform Party A in writing of the bank account information no later than five (5) business days prior to the Closing Date.

2 本次交易的交易价款

2.1 根据资产评估报告，美药星此前投资的每1美元注册资本对应的股权评估价值为美元。基于乙方1、乙方2和乙方3各自的注册资本评估的标的股权的评估价值及美药星每一股权的评估价值如下所示：

转让股东	标的股权比例	注册资本（美元）	评估价值（美元）
乙方1（众盼）	5.55%	5,802,761	9,185,770
乙方2（沾润）	9.99%	10,434,096	16,517,174
乙方3（听龙）	2.23%	2,327,150	3,683,878
共计	**17.77%**	**18,564,007**	**29,386,822**

为本协议之目的，“**资产评估报告**”系指由普华永道出具的以2020年12月31日为评估基准日的《Star III项目美药星（南京）制药有限公司100%股权投资资产评估报告》（附件A）。

2.2 各方同意，标的股权的转让价款（“**转让价款**”）为上述标的股权的评估价值。

2.3 甲方应于交割日后5日内向乙方1和乙方2各自的资产变现账户（定义见下文）支付乙方1和乙方2各自的转让价款，并向乙方3指定的境外银行账户支付乙方3的转让价款。乙方1、乙方2和乙方3均应在交割日前5个工作日内将银行账户信息书面通知甲方。

3 The Closing of the Transaction

3.1 The obligations of Party A to consummate the Transaction are subject to the fulfillment, or waiver by Party A, of the following conditions:

(a) The boards of directors of ANP and AMPH shall have approved the Transaction;

(b) All shareholders of ANP shall have waived any right of first refusal with respect to the Transaction;

(c) The articles of association shall have been amended and duly adopted and executed by the board of directors of ANP;

(d) The amendment registration with local branch of state administration for market regulation with respect to the Transaction (the “**SAMR Registration**”) has been completed;

(e) The reporting to local branch of ministry of commerce with respect to the Transaction has been completed (if necessary);

(f) The filing with local branch of state administration of foreign exchange (or its designated commercial banks) with respect to the Transaction has been completed; and

(g) The asset sale accounts (the "**Asset Sale Accounts**") of ZR and ZP have been set up.

3.2 The Parties agree that the date on which the conditions in Section 3.1 are completed or waived by Party A will be the closing date of the Transaction (the "**Closing Date**"). Party A will become the owner of the Target Equity as of the Closing Date and will enjoy and assume all the rights and obligations as a shareholder of ANP with respect to the Target Equity.

3.3 The Parties agree that all the profit and loss of the Target Equity, including but not limited to the profit and loss arising from operations, incurred during the period from the benchmark date of the appraisal report (i.e., December 31, 2020) to the Closing Date will be owned by Party B1, B2, and B3 respectively. The term "profit and loss" refers to the ownership interest in the financial statements during such period as confirmed by the Parties.

3.4 Each Party will bear their respective taxes arising out of or in connection with the execution and performance of this Agreement (including, without limitation, the enterprise income tax, individual income tax and stamp duty) in accordance with relevant laws and regulations of the PRC.

3 本次交易的交割

3.1 甲方履行本次交易的义务以下列条件得到满足或被甲方豁免为前提:

(a) 美药星和AMPH的董事会已批准本次交易;
(b) 美药星的所有股东已放弃就本次交易享有的任何优先购买权;
(c) 美药星的章程已相应修订, 并由美药星的董事会正式通过和签署;
(d) 已就本次交易完成了向国家市场监督管理部门的登记("**工商登记**");
(e) 已就本次交易完成了向当地商务部门分支机构的报告(如需要);
(f) 已就本次交易完成了向国家外汇管理部门当地分支机构(或其指定的商业银行)的登记;及
(g) 沾润和众盼的资产变现账户("**资产变现账户**")已经设立完成。

3.2 各方同意, 第3.1条约定的条件得到满足之日或被甲方豁免之日为本次交易的交割日("**交割日**")。甲方将于交割日成为标的股权的所有人, 并就标的股权享有和承担作为美药星股东的所有权利和义务。

3.3 各方同意, 标的股权自资产评估报告基准日(即2020年12月31日)至交割日期间发生的全部损益, 包括但不限于经营产生的损益, 分别由乙方1、乙方2和乙方3所有。"损益"系指经各方确认的该期间财务报表中的所有者权益。

3.4 各方将根据相关中国法律法规承担各自因签署和履行本协议而产生的或与之相关的税收(包括但不限于企业所得税、个人所得税和印花税)。

4 Representations and Warranties of Party A

Party A hereby represents and warrants to Party B1, Party B2 and Party B3 that the following statements are true and correct as of the Execution Date and as of the Closing Date:

4.1 Party A is an enterprise legal person legally registered and validly existing in accordance with the laws of the State of Delaware, the United States of America and with the legal right to perform its obligations hereunder, and has obtained all authorizations or approvals necessary for the execution of this Agreement.

4.2 Execution and performance of this Agreement by Party A will neither violate relevant laws, regulations, or the articles of incorporation of Party A, nor contravene any agreements entered into by Party A previously, or any statements, representations, undertakings, or warranties made by Party A in favor of any third party.

4 甲方的陈述与保证

甲方特此向乙方1、乙方2和乙方3声明并保证，截至签署日及交割日，以下陈述均真实、正确：

4.1 甲方为根据美国特拉华州法律合法设立并有效存续的企业法人，具有履行本协议项下义务的合法权利，并已获得签署本协议所需的一切授权或批准。

4.2 甲方签署和履行本协议不会违反有关法律法规以及甲方的公司章程，也不存在与甲方此前已签订的协议或已经向任何第三方作出的任何陈述、声明、承诺或保证相冲突之情形。

5 Representations and Warranties of Party B

Each of Party B1, Party B2, and Party B3 hereby, severally and not jointly, represents and warrants to Party A that the following statements are true and correct as of the Execution Date and as of the Closing Date:

5.1 Each of Party B1 and Party B2 is an enterprise legal person legally registered and validly existing in accordance with the laws of the PRC and to perform its obligations hereunder, and has obtained all authorizations or approvals necessary for the execution of this Agreement.

5.2 Party B3 is an enterprise legal person legally registered and validly existing in accordance with the laws of Hong Kong and to perform its obligations hereunder, and has obtained all authorizations or approvals necessary for the execution of this Agreement.

5.3 Execution and performance of this Agreement by each of Party B1, Party B2 and Party B3 will neither violate relevant laws, regulations, or the constitutional documents of either Party B1, Party B2 or Party B3, respectively, nor contravene any agreements entered into by each of Party B1, Party B2 and Party B3 previously, or any statements, representations,

undertakings, or warranties made by each of Party B1, Party B2 and Party B3 in favor of any third party.

5.4 Each of Party B1, Party B2 and Party B3 possess valid title to all its Target Equity and have the full and valid right to sell and transfer the Target Equity to Party A, free and clear from all liens, mortgagees, pledges, claims, or any third party's interests.

5 乙方的陈述与保证

乙方1、乙方2和乙方3在此分别而非共同地向甲方声明并保证，截至签署日及交割日，以下陈述均真实、正确：

5.1 乙方1和乙方2均为依据中国法律合法设立并有效存续的企业法人，具有履行本协议项下义务的合法主体资格，并已获得签署本协议所需的一切授权或批准。

5.2 乙方3为根据香港法律合法设立并有效存续的企业法人，具有履行本协议项下义务的合法主体资格，并已取得执行本协议所需的一切授权或批准。

5.3 乙方1、乙方2和乙方3分别签署及履行本协议，不会违反有关法律、法规或乙方1、乙方2或乙方3的宪章性文件，也不存在与乙方1、乙方2和乙方3此前已签订的任何协议或乙方1、乙方2和乙方3各做作出的有利于任何第三方的任何陈述、声明、承诺或保证相冲突之情形。

5.4 乙方1、乙方2和乙方3各自拥有其全部标的股权的有效的所有权，并拥有向甲方出售和转让标的股权的完全和有效的权利，不受任何留置权、抵押权、质押权、请求权或任何第三方权利的影响。

6 Unless expressly stated otherwise in this Agreement, any notice or other communication (a "**Notice**") sent by one Party to any of the other Parties in connection with this Agreement must be delivered by an internationally recognized courier, prepaid registered airmail, or other form of recorded delivery to the address set out in Section 6. The addresses of the Parties are as follows:

i If to Party A:

Attention: Kevin Barry

Address: 11570 6th Street, Rancho Cucamonga, California, USA

Email: KevinBarry@Amphastar.com

ii If to Party B1:

Attention: Henry Zhang

Address: Suite 502, Building B8, No. 2-3, Zidong Road, Qixia District, Nanjing City

Email: njzhn1988@126.com

iii If to Party B2:

Attention: Henry Zhang

Address: Suite 502, Building B8, No. 2-3, Zidong Road, Qixia District, Nanjing City

Email: njzhn1988@126.com

iv If to Party B3:

Attention: Tony Marrs

Address: Unit 1507, 15/F Everglory Centre 1B Kimberley Street TsimShaTsui Kowloon Hongkong

Email: tonym@amphastar.com

6 除本协议另有明确规定外，一方向任一其他方发出的、与本协议相关的任何通知或其他通信（“**通知**”）必须以国际公认的快递、邮资付讫航空挂号信或其他有记录的交付形式交付至本第6条所列明的地址。各方通讯地址如下：

i 给甲方

联系人：Kevin Barry

地址：美国加利福利亚州库卡蒙格第6街道，11570号

电子邮件：KevinBarry@Amphastar.com

ii 给乙方1

联系人：张昊宁

地址：南京市栖霞区紫东路2-3号B8栋502室

电子邮件：njzhn1988@126.com

iii 给乙方2

联系人：张昊宁

地址：南京市栖霞区紫东路2-3号B8栋502室

电子邮件：njzhn1988@126.com

iv 给乙方3

联系人：Tony Marrs

地址：香港九龙尖沙咀金巴利街1B永辉中心15楼1507室

电子邮件：tonym@amphastar.com

7 **Assignment**

No Party may assign any rights or obligations under this Agreement, in whole or in part, to any third party without the prior written consents of the other Parties. This Agreement will be binding on the Parties and their respective successors and permitted assigns.

7 权利义务的转让

未经本协议其他各方事先书面同意，任何一方均不得将本协议项下的任何权利或义务全部或部分转让予任何第三方。本协议应对各方及其各自的承继人和允许的受让人具有约束力。

8 Entire Agreement

This Agreement contains the whole agreement amongst the Parties relating to the Transaction and will supersede any previous written or oral agreements between the Parties.

8 全部协议

本协议包含各方就本次交易而达成的全部协议，并将取代各方之间就本次交易在此之前所达成的任何书面或口头协议。

9 Confidentiality

9.1 Unless otherwise required by PRC Laws, US Laws and Hong Kong Laws, no Party may disclose this Agreement or the transactions, arrangements or any other matters agreed upon or referred to in this Agreement, or disclose the information of the other Parties, without the prior written consent of the other Parties, which consent will not be unreasonably withheld or delayed. The provisions of this Section will not apply to the information which has entered into the public domain (unless the information enters into the public domain due to a Party's breach of the confidentiality obligations under this Section).

9.2 Notwithstanding the provisions of Section 9.1, any Party may disclose this Agreement or the transactions, arrangements or any other matters agreed upon or referred to in this Agreement to its shareholders, employees, directors or professional advisors to the extent that such disclosure is reasonably required for the purposes of this Agreement; provided that that Party shall ensure that the relevant shareholders, employees, directors or

professional advisors are aware of and comply with the confidentiality obligations referred to in this Agreement. If it is required by laws or rules of courts or other applicable securities exchange having jurisdiction for any Party to disclose this Agreement and the transactions, arrangements or any other matters agreed upon or referred to in this Agreement, the Party may furnish only that portion of the disclosure that is legally required, but only after the form and terms of such disclosure have been notified to the other Party and the other Party has had a reasonable opportunity to comment thereon; provided that it must adopt all measures in order to obtain confidential treatment of such relevant information to the extent permitted on the applicable laws and regulations.

9 保密

9.1 除非中国法律、美国法律和香港法律另有规定，未经其他方事先书面同意（该同意不会被不当拒绝或延迟），任何一方不得披露本协议或本协议中约定或提及的交易、安排、任何其他事项或其他各方信息。本节的规定不适用于已进入公共领域的信息（除非该信息是由于一方违反本节规定的保密义务而进入公共领域）。

9.2 尽管有第9.1条的规定，任何一方均可向其股东、雇员、董事或专业顾问披露本协议或本协议中约定或提及的交易、安排或任何其他事项，并应以为本协议目的的合理要求为限；但该方应确保相关股东、雇员、董事或专业顾问了解并遵守本协议中提及的保密义务。如果法律或法院判决或其他适用的有管辖权的证券交易所要求任何一方披露本协议和本协议中约定或提及的交易、安排或任何其他事项，该方仅可以披露法律要求披露的部分，但必须先将该等披露的形式和条款通知其他方，且其他方有合理的机会就此发表意见；且该方必须采取一切措施，以便在适用法律和法规允许的范围内对该等相关信息进行保密处理。

10 Force Majeure

10.1 An event of force majeure referred to in this Agreement shall mean any unforeseen, unavoidable and insurmountable events which are beyond the control of a Party to this Agreement, and which arise after the Effective Date and as a result of which any Party is unable to perform its obligations under this Agreement. Such events shall include in particular earthquakes, typhoons, flood, fire, other acts of nature, epidemic, war, riots, hostility, public disturbance, acts of public enemies, prohibitions or acts of any governmental authority or public agency ("**Force Majeure Event**").

10.2 The Party which claims to be affected by a Force Majeure Event shall promptly inform the other Parties in writing of said Force Majeure Event. The Party claiming that the Force Majeure Event makes its performance of this Agreement objectively impossible or impractical must use its best reasonable endeavors to resolve or mitigate the consequences of said Force Majeure Event.

10.3 Failure of any Party to perform its obligations under this Agreement in whole or in part, as a result of a Force Majeure Event as described in Section 10.1 shall not constitute a breach of this Agreement, and the performance of such obligations will suspend during the Force Majeure Event until resolved. The Parties shall immediately resume performance of their respective obligations under this Agreement upon resolution of the Force Majeure Event. Where the Force Majeure Event or its impact lasts for 60 days or more, any Party may terminate this Agreement by sending notice of such termination to the other Parties in writing.

10 不可抗力

10.1 本协议所称不可抗力事件是指在生效日之后发生的且导致任一方无法履行其在本协议项下的义务的、超出本协议一方控制范围的任何不可预见、不可避免且不可克服的事件。此类事件尤其应包括地震、台风、洪水、火灾、其他自然灾害、流行病、战争、暴动、敌意、公众骚乱、公敌行动、任何政府机关或公共机构的禁令或行为(“**不可抗力事件**”)。

10.2 主张受到不可抗力事件影响的一方应立即通过书面形式将该等不可抗力事件通知其他方。主张不可抗力事件导致其对本协议的履行在客观上成为不可能或不实际的一方，应尽最大合理努力消除或减轻此等不可抗力事件的影响。

10.3 第10.1条所述的不可抗力事件导致一方未能全部或部分履行其在本协议项下的义务不应构成对本协议的违约，该等义务的履行将在不可抗力事件期间中止，直至得到解决。不可抗力事件解决后，各方应立即恢复履行各自在本协议项下的义务。如果不可抗力事件或其影响持续六十(60)日或以上，任何一方均可向其他方发出书面通知终止本协议。

11 Liabilities for Breach

11.1 Where any Party violates its representations, warranties, obligations or responsibilities under this Agreement or otherwise breaches this Agreement (“**Breaching Party**”), the Breaching Party shall be liable for its breach of this Agreement. This Agreement shall not restrict, and is not intended to limit, a Party’s right to seek damages including economic losses, reasonable costs and fees incurred as a result of such breach including, but not limited to, reasonable attorneys’ fees, notarial fees, travel expenses, execution fees, appraisal fees, and arbitration fees.

11.2 If Party A fails to pay the Purchase Price to either Party B1, B2, or B3 respectively within the period of time specified in this Agreement, and Party B1, B2, or B3, as the case may be, has fulfilled all obligations under this Agreement and neither that Party, nor any entity acting on its behalf or for its benefit, nor the actions of any sovereign, is the cause of the delay in payment, then Party A shall pay Party B1, Party B2 and Party B3 liquidated damages in the amounts of 0.1% of their respective Purchase Price for each day of delay, but not to exceed 3% of their respective Purchase Price.

11.3 No failure of any Party to exercise, and no delay by it in exercising, any right, power or remedy in connection with this Agreement (each a "**Right**") shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of such Right or exercise of any other Right. The Rights provided in this Agreement are cumulative and not exclusive of any other Rights (whether provided by law or otherwise). Any express waiver of any breach of this Agreement shall not be deemed to be a waiver of any subsequent breach.

11 违约责任

11.1 任何一方违反其在本协议项下的陈述、保证、义务或责任或以其他方式违反本协议("**违约方**"), 则违约方应就其在本协议项下的违约承担违约责任。本协议不应限制, 或旨在限制一方寻求因该等违约要求损害赔偿的权利, 包括经济损失、因违约而产生的合理费用和开支, 包括但不限于合理的律师费、公证费、差旅费、执行费、鉴定费和仲裁费等。

11.2 如甲方未能在本协议约定的期限内分别向乙方1、乙方2和乙方3支付转让价款, 且乙方1、乙方2和乙方3(就其分别适用的情形而定)已履行了本协议项下的所有义务, 且该方或代表为其利益所行事的任何实体或任何政府行为均非导致延迟支付的原因, 则每延迟1日, 甲方应当向乙方1、乙方2和乙方3按各自转让价款的0.1%支付违约金, 但该等违约金总额说不应超过其各自转让价款的3%。

11.3 任何一方未行使或延迟行使与本协议有关的任何权利、权力或救济("**权利**"), 均不得视为对该权利的放弃, 行使任何单一或部分权利, 也不得妨碍任何其他或进一步行使该权利或行使其他任何权利。本协议规定的权利是累积的, 不排除任何其他权利(不论是法律或其他规定)。对本协议的任何违约的任何明确放弃不应被视为对任何随后违约的放弃。

12 Effectiveness and Termination of the Agreement

12.1 This Agreement shall take effect on the Execution Date ("**Effective Date**").

12.2 This Agreement may be terminated under the following circumstances:

i This Agreement may be terminated upon unanimous agreement by the Parties through consultations. Such consultation must be requested by a Party in writing.

ii This Agreement may be terminated pursuant to Section 10.3 above.

12.3 Termination of this Agreement for any cause shall not release a Party from any liability which at the time of termination has already accrued or which thereafter may accrue in respect of any act or omission prior to such termination. The confidentiality provisions of this Agreement, as described in Section 9, shall survive termination of this Agreement.

12 协议的生效和终止

12.1 本协议于签署日生效(“**生效日**”)。

12.2 本协议可在以下情况终止:

i 本协议可在各方通过协商一致后终止。该等协商须由一方以书面形式提出。

ii 本协议可根据上述第10.3条终止。

12.3 因任何原因终止本协议,不得排除一方在终止时已经产生或此后可能产生的与终止前的任何作为或不作为有关的任何责任。本协议第9条所述的保密义务在本协议终止后应继续有效。

13 Severability

If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, under any PRC law, such provision in whole or in part shall to that extent be deemed not to form part of this Agreement but the legality, validity and enforceability of the remainder of this Agreement shall not be affected.

13 可分割性

如果根据任何中国法律,本协议中的任何条款被认定为全部或部分违法、无效或不可执行,则该条款的全部或部分应在此范围内被视为不构成本协议的一部分,但本协议其余部分的合法性、有效性和可执行性不受影响。

14 Applicable Law and Dispute Resolution

14.1 The formation, performance, validity and interpretation of, and resolution of disputes under this Agreement shall be governed by PRC laws.

14.2 In the event of any dispute arising out of the interpretation and performance of this Agreement, the Parties shall resolve such dispute through friendly consultations requested in writing. If any dispute is not resolved by friendly consultations within 30 days after the date such consultations were first requested in writing by a Party, either Party may submit the relevant dispute to the Shanghai International Arbitration Center (“**SHIAC**”) and resolved in accordance with the arbitration rules of SHIAC in force at the time of applying for arbitration. The place of arbitration shall be Shanghai, and the language used in arbitration shall be Chinese and English. The arbitration award shall be final and binding on the Parties.

14 适用法律及争议解决

14.1 本协议的订立、履行、效力、解释和争议的解决均受中国法律管辖。

14.2 如因本协议的解释和履行而产生任何争议，各方应通过书面请求进行友好协商解决。如果任何争议在一方首次以书面形式请求友好协商之日起30天内未能解决，任何一方均可将有关争议提交上海国际仲裁中心(“**上海仲裁中心**”)，并按照申请仲裁时有效的上海仲裁中心的仲裁规则解决。仲裁地点为上海仲裁语言为中文和英文。仲裁裁决为最终裁决，对各方具有约束力。

15 Short Form Equity Transfer Agreement

To the extent required for purpose of SAMR Registration, the Parties agree to use their commercially reasonable efforts to enter into a short form of the equity transfer agreement with respect to the Transaction. If there is any conflict or discrepancy between such short form equity transfer agreement and this Agreement, this Agreement shall prevail.

15 简版股权转让协议

在为工商登记之目的的要求下，各方同意尽其商业上的合理努力，就本次交易签订简版股权转让协议。如果该简版股权转让协议与本协议之间存在任何冲突或差异，应以本协议为准。

16 Language

This Agreement is signed in Chinese and English. The Chinese version of this Agreement shall prevail when any conflict in interpretation arises.

16 语言

本协议以中文和英文签署。如解释上发生任何冲突，应以本协议的中文版本为准。

17 Counterparts

This Agreement is signed in nine (9) originals. ANP shall retain two (2) original, and AMPH shall retain two (2) originals, and ZP、ZR、LD shall retain one (1) original respectively and two (2) for governmental registration or filing. Each original has equal legal effect.

17 副本

本协议一式玖份，美药星执贰份，AMPH执贰份，众盼、沾润和听龙各执壹份，贰份用于工商登记或备案。每份具有同等法律效力。

（No text on this page. This is the signature page of the Share Purchase Agreement /
本页无正文，为股权转让协议签署页）

Amphastar Pharmaceuticals，Inc.,

/s/Kevin Barry

Name/姓名： Kevin Barry
Title/职务： Authorized Signatory/授权签字人

（No text on this page. This is the signature page of the Share Purchase Agreement /
本页无正文，为股权转让协议签署页）

Nanjing Zhongpan Enterprise Management Consulting Center (LLP)
南京众盼企业管理咨询中心(有限合伙)
(Seal/盖章)

/s/Haoning Zhang

Name/姓名: Haoning Zhang/张昊宁
Title/职务: Executive Partner/执行事务合伙人

（No text on this page. This is the signature page of the Share Purchase Agreement /
本页无正文，为股权转让协议签署页）

Nanjing Zhanrun Enterprise Management Consulting Center (LLP)
南京沾润企业管理咨询中心(有限合伙)
(Seal/盖章)

/s/Haoning Zhang

Name/姓名: Haoning Zhang/张昊宁
Title/职务: Executive Partner/执行事务合伙人

（No text on this page. This is the signature page of the Share Purchase Agreement /
本页无正文，为股权转让协议签署页）

Listening Dragon Investment Company Limited
(Seal/盖章)

/s/Tony Marrs

Name/姓名： Tony Marrs
Title/职务： Authorized Signatory/授权签字人

附件A 资产评估报告
Exhibit A The Appraisal Report

Exhibit 10.3

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT,
MARKED BY BRACKETS ([***]), HAS BEEN OMITTED BECAUSE
THE INFORMATION (I) IS NOT MATERIAL AND
(II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED

Share Repurchase Agreement
股权回购协议

2021年5月6日

May 6, 2021

Share Repurchase Agreement

股权回购协议

This Share Repurchase Agreement (this "**Agreement**") is entered into on May 6, 2021 by the following parties:

1. **Amphastar Nanjing Pharmaceuticals Inc.,** a limited liability company duly incorporated and validly existing under the laws of the PRC, with unified social credit code [**********] ("**Party A**" or "**ANP**");

2. **Nanjing Qianqia Enterprise Management Consulting (LLP)**, a limited liability partnership established and existing in accordance with the laws of the PRC, with unified social credit code [**********] ("**Party B1**" or "**QQ**");

3. **Nanjing Zhongpan Enterprise Management Consulting Center (LLP)**, a limited liability partnership established and existing in accordance with the laws of the PRC, with unified social credit code [**********] ("**Party B2**" or "**ZP**"); and

4. **Nanjing Zhanrun Enterprise Management Consulting Center (LLP)**, a limited liability partnership established and existing in accordance with the laws of the PRC, with unified social credit code [**********] ("**Party B3**" or "**ZR**").

Party A, Party B1, Party B2 and Party B3 are herein referred to as the "**Parties**" collectively, and a "**Party**" individually, according to the requirements of the context.

本股权回购协议("**本协议**")由以下各方于2021年5月6日签订:

1. **美药星(南京)制药有限公司**, 一家根据中华人民共和国法律合法设立并有效存续的有限责任公司, 统一社会信用代码为[**********](**"甲方"**或**"美药星"**);

2. **南京谦洽企业管理咨询中心(有限合伙)**, 一家依据中华人民共和国法律合法设立并有效存续的有限合伙企业, 统一社会信用代码为[**********](**"乙方1"或"谦洽"**);

3. **南京众盼企业管理咨询中心(有限合伙)**, 一家依据中华人民共和国法律合法设立并有效存续的有限合伙企业, 统一社会信用代码为[**********]。(**"乙方2"或"众盼"**);及

4. **南京沾润企业管理咨询中心(有限合伙)**, 一家依据中华人民共和国法律合法设立并有效存续的有限合伙企业, 统一社会信用代码为[**********]。(**"乙方3"或"沾润"**)。

视文义要求, 以上甲方和乙方1, 乙方2和乙方3在本协议中合称为"**各方**", 其中每一方或任何一方则称为"**一方**"。

Whereas:

1. As of the date hereof ("**Execution Date**"), the capitalization structure of ANP is as follows:

Name of Shareholder	Shareholding Percentage	Registered Capital (USD)
Amphastar Pharmaceuticals, Inc.	58.39%	61,000,000
Party B1 (QQ)	15.62%	16,317,500
Party B3 (ZR)	15.27%	15,949,365
Party B2 (ZP)	8.49%	8,870,010
Listening Dragon Investment Company Limited	2.23%	2,327,150
Total	**100%**	**104,464,025**

2. Upon completion of the transaction contemplated under a share purchase agreement entered into by and among Amphastar Pharmaceuticals, Inc., ZP, ZR and Listening Dragon Investment Company Limited on May 6, 2021, the capitalization structure of ANP is as follows:

股东名称/Name of Shareholder	持股比例 /Shareholding Percentage	注册资本 /Registered Capital (USD)
Amphastar Pharmaceuticals, Inc.	76.164%	79,564,007
Party B1 (QQ)	15.620%	16,317,500
Party B3 (ZR)	5.280%	5,515,269
Party B2 (ZP)	2.936%	3,067,249
Total	**100%**	**104,464,025**

3. As of the Execution Date, ANP holds 100% of the equity interest in Nanjing Hanxin Pharmaceutical Technology Co., Ltd. ("**HX**").

4. As of the Execution Date, HX holds 100% of the equity interest in Nanjing Letop Biotechnology Co., Ltd ("**LT**") and holds 100% of the equity interest in Nanjing Baixin Trading Co., Ltd ("**BX**").

5. The board of directors of Party A contemplates to adopt resolutions to approve the repurchase by Party A of certain equity interest held by Party B1, Party B2 and Party B3 in ANP (the "**Repurchase**"), which will reduce the registered capital of ANP by US$ 10,661,629.

6. On May 6, 2021, Party A, Party B1, Party B2 and Party B3 executed a share purchase agreement (the "**HX SPA**") pursuant to which Party A will transfer certain equity interest in HX to Party B1, Party B2 and Party B3, respectively, as the consideration of the Repurchase (the "**HX Equity Transfer**", and together with the Repurchase, collectively, the "**Transaction**").

Based on the above, and on the principles of equality, mutual benefit and consensus through negotiations, the Parties hereby enter into this Agreement through friendly consultations as follows:

鉴于：

1. 截至本协议签署之日（“**签署日**”），美药星的股权结构如下所示：

股东名称	持股比例	注册资本（美元）
Amphastar Pharmaceuticals, Inc.	58.39%	61,000,000
乙方1（谦洽）	15.62%	16,317,500
乙方3（沾润）	15.27%	15,949,365
乙方2（众盼）	8.49%	8,870,010
Listening Dragon Investment Company Limited	2.23%	2,327,150
总计	**100%**	**104,464,025**

2. 在Amphastar Pharmaceuticals, Inc.、众盼、沾润及Listening Dragon Investment Company Limited于2021年5月6日签署的股权转让协议项下的交易完成后，美药星的股权结构如下所示：

股东名称	持股比例	注册资本（美元）
Amphastar Pharmaceuticals, Inc.	76.164%	79,564,007
乙方1（谦洽）	15.620%	16,317,500
乙方3（沾润）	5.280%	5,515,269
乙方2（众盼）	2.936%	3,067,249
总计	100%	104,464,025

3. 截至签署日，美药星持有南京汉欣医药科技有限公司（“**汉欣医药**”）100%的股权。

4. 截至签署日，汉欣医药持有南京乐韬生物科技有限公司（“**乐韬**”）100%的股权并持有南京佰鑫贸易有限公司（“**佰鑫**”）100%的股权。

5. 甲方股东会及董事会拟作出决议，同意由甲方回购乙方1、乙方2和乙方3持有的美药星部分股权（“**本次回购**”），共计减少美药星注册资本10,661,629美元。

6. 2021年5月6日，甲方、乙方1、乙方2和乙方3签署了一份《股权转

让协议》("**汉欣股权转让协议**"),根据该协议,甲方将分别向乙方1、乙方2和乙方3转让其持有的汉欣的部分股权作为本次回购的对价("**汉欣股权转让**",与本次回购合称"**本次交易**")。

基于上述,各方本着平等、互利和协商共识的原则,通过友好协商,特订立本协议如下:

1 The Transaction

1.1 Each of Party B1, Party B2 and Party B3 agrees to sell to Party A, and Party A agrees to repurchase from Party B1, Party B2 and Party B3, the following equity interest of Party A (the "**Repurchased Equity**"):

Repurchasing Shareholders	Repurchased Equity Percentage	Registered Capital (USD)
Party B1 (QQ)	1.990%	2,079,111
Party B2 (ZP)	2.936%	3,067,249
Party B3 (ZR)	5.280%	5,515,269
-	**10.206%**	**10,661,629**

1.2 According to the ANP Appraisal Report, the appraised value of the Repurchased Equity corresponding to US$1 registered capital is US$1.583, and the appraised value of the Repurchased Equity is as follows:

Repurchasing Shareholders	Repurchased Equity Percentage	Registered Capital (USD)	Appraised Value (USD)
Party B1 (QQ)	1.990%	2,079,111	3,291,233
Party B2 (ZP)	2.936%	3,067,249	4,855,456
Party B3 (ZR)	5.280%	5,515,269	8,730,671
-	**10.206%**	**10,661,629**	**16,877,360**

For the purpose of this Agreement, the "**ANP Appraisal Report**" shall mean the asset appraisal report titled *Project Star III Valuation Analysis of 100% of the Equity Interests in Amphastar Nanjing Pharmaceuticals, Inc.* issued by PricewaterhouseCoopers (the "**PWC**") with the appraisal benchmark date of December 31, 2020 (the "**Benchmark Date**") (attached hereto as Exhibit A)

1.3 As the consideration for the Repurchased Equity, Party A agrees to sell to Party B1, Party B2 and Party B3, respectively, and each of Party B1, Party B2 and Party B3 agrees to purchase from Party A, 80.10% of the equity interest in total in HX (representing RMB 84,906,000 registered capital), the following equity interest (the "**HX Equity**"):

Selling Shareholder	Purchasing Shareholders	HX Equity Percentage	Registered Capital (RMB)
Party A (ANP)	Party B1 (QQ)	15.6202%	16,557,412
	Party B2 (ZP)	23.0440%	24,426,649
	Party B3 (ZR)	41.4358%	43,921,939
Total	**-**	**80.10%**	**84,906,000**

1.4 According to the HX Appraisal Report, the appraised value of the HX Equity is as follows:

Selling Shareholder	Purchasing Shareholders	Equity Percentage	Registered Capital (RMB)	Appraised Value (USD)
Party A (ANP)	Party B1 (QQ)	15.6202%	16,557,412	3,291,233
	Party B2 (ZP)	23.0440%	24,426,649	4,855,456
	Party B3 (ZR)	41.4358%	43,921,939	8,730,671
Total	-	**80.10%**	**84,906,000**	**16,877,359**

For the purpose of this Agreement: the "**HX Appraisal Report**" shall mean the asset appraisal report titled *Project Star III Valuation Analysis of 100% of the Equity Interests in Nanjing Hanxin Pharmaceutical Technology Co., Ltd.* issued by PWC with the appraisal benchmark date of December 31, 2020 attached hereto as Exhibit B.

1 本次交易

1.1 乙方1、乙方2和乙方3各自同意向甲方转让，甲方同意向乙方1、乙方2和乙方3回购甲方以下股权（"**回购股权**"）：

回购股东	回购股权比例	注册资本（美元）
乙方1（谦洽）	1.990%	2,079,111
乙方2（众盼）	2.936%	3,067,249
乙方3（沾润）	5.280%	5,515,269
-	**10.206%**	**10,661,629**

1.2 根据美药星资产评估报告，回购股权对应的1美元注册资本的评估价值为$1.583美元，本次回购股权的评估价值如下所示：

回购股东	回购股权比例	注册资本（美元）	评估价值（美元）
乙方1（谦洽）	1.990%	2,079,111	3,291,233
乙方2（众盼）	2.936%	3,067,249	4,855,456
乙方3（沾润）	5.280%	5,515,269	8,730,671
-	**10.206%**	**10,661,629**	**16,877,360**

为本协议之目的，“**美药星资产评估报告**”系指普华永道出具的以2020年12月31日为评估基准日（“**评估基准日**”）的《Star III项目美药星（南京）制药有限公司100%股权投资资产评估报告》（附件A）

1.3 作为本次回购股权的对价，甲方同意向乙方1、乙方2和乙方3分别转让，乙方1、乙方2和乙方3分别同意向甲方受让汉欣医药合计80.10%的如下股权（对应注册资本人民币84,906,000元）（“**汉欣股权**”）：

转让股东	受让股东	汉欣医药股权比例	注册资本（人民币）
美药星	乙方1（谦洽）	15.6202%	16,557,412
	乙方2（众盼）	23.0440%	24,426,649
	乙方3（沾润）	41.4358%	43,921,939
总计	**-**	**80.10%**	**84,906,000**

1.4 根据汉欣资产评估报告，汉欣股权的评估价值如下所示：

转让股东	受让股东	股权比例	注册资本（人民币）	评估价值（美元）
美药星	乙方1（谦洽）	15.6202%	16,557,412	3,291,233
	乙方2（众盼）	23.0440%	24,426,649	4,855,456
	乙方3（沾润）	41.4358%	43,921,939	8,730,671
总计	**-**	**80.10%**	**84,906,000**	**16,877,359**

为本协议之目的：“**汉欣资产评估报告**”系指附件B所示的由普华永道出具的以2020年12月31日为评估基准日的《Star III项目南京汉欣医药科技有限公司100%股权投资资产评估报告》。

2 The Closing of this Transaction

2.1 The obligations of the Parties to consummate the Transaction are subject to the fulfillment, or waiver by Party A, of the following conditions:

(a) The board of directors of ANP shall have approved the Repurchase;

(b) The articles of association shall have been amended and duly adopted and executed by the board of directors of ANP;

(c) The public notification procedure for the Repurchase has been completed;

(d) The amendment registration with local branch of state administration for market regulation with respect to the Repurchase (the "**ANP SAMR Registration**") has been completed;

(e) The reporting to local branch of ministry of commerce with respect to the Repurchase has been completed (if necessary);

(f) The ANP (as the sole shareholder of HX) and the board of directors of HX and shall have approved the HX Equity Transfer;

(g) The articles of association of HX shall have been amended and duly adopted and executed by the shareholders of HX; and

(h) The amendment registration with local branch of state administration for market regulation with respect to the HX Equity Transfer (the "**HX SAMR Registration**") has been completed.

2.2 The Parties agree that all the profit and loss of the HX Equity, including but not limited to the profit and loss arising from operations, incurred during the period from the Benchmark Date to the HX Equity Transfer Closing Date shall be owned by ANP. The term "profit and loss" refers to the ownership interest in the financial statements during such period as confirmed by both Parties.

2.3 The closing of the Repurchase and the HX Equity Transfer shall take place on the date on which the conditions in Section 2.1 are completed or waived by the Parties (the "**Closing Date**")

2.4 Immediately after the completion of this Transaction, the capitalization structure of ANP is as follows:

股东名称/Name of Shareholder	**持股比例 /Shareholding Percentage**	**注册资本 /Registered Capital (USD)**
Amphastar Pharmaceuticals, Inc.	84.82%	79,564,007
Party B1 (QQ)	15.18%	14,238,389
	100%	**93,802,396**

2.5 Immediately after the completion of this Transaction, the capitalization structure of HX is as follows:

股东名称/name of shareholder	**持股比例 shareholding proportion**	**注册资本 Registered Capital (RMB)**
Party A (ANP)	19.90%	21,094,000
Party B1 (QQ)	15.6202%	16,557,412
Party B2 (ZP)	23.0440%	24,426,649
Party B3 (ZR)	41.4358%	43,921,939
	100%	**106,000,000**

2.6 Each Party will bear their respective taxes arising out of or in connection with the execution and performance of this Agreement (including, without limitation, the enterprise income tax, individual income tax and stamp duty) in accordance with relevant laws and regulations of the PRC.

2 本次交易的交割

2.1 各方履行本次交易的义务以下列条件得到满足或被甲方豁免为前提:

(a) 美药星的董事会已批准本次回购;

(b) 美药星的章程应已相应修订，并由美药星的董事会正式通过和签署;

(c) 本次回购的减资公示程序已完成;

(d) 已就本次回购完成了向国家市场监督管理部门地方分支机构的登记("**美药星工商登记**");

(e) 已就本次回购完成了向当地商务部门分支机构的报告(如需要);

(f) 美药星(作为汉欣医药的唯一股东)及汉欣医药的董事会已批准汉欣股权转让;

(g) 汉欣医药的公司章程已适当修订，并经汉欣医药的股东通过和签署;及

(h) 已向市场监督管理局地方行政部门就汉欣股权转让完成变更登记("**汉欣医药工商登记**")。

2.2 各方同意，汉欣股权自评估基准日起至汉欣股权转让交割日期间发生的全部损益，包括但不限于经营产生的损益，由美药星所有。"损益"系指经各方确认的该期间财务报表中的所有者权益。

2.3 本次回购和汉欣股权转让自第2.1条规定的条件满足之日或被各方豁免之日交割("**交割**")。

2.4 紧随本次交易完成后，美药星的股权结构如下所示：

股东名称	持股比例	注册资本（美元）
Amphastar Pharmaceuticals, Inc.	84.82%	79,564,007
乙方1（谦洽）	15.18%	14,238,389
	100%	**93,802,396**

2.5 紧随本次交易完成后，汉欣医药的股权结构如下所示：

股东名称	持股比例	注册资本（人民币）
甲方 (美药星)	19.90%	21,094,000
乙方1（谦洽）	15.6202%	16,557,412
乙方2（众盼）	23.0440%	24,426,649
乙方3（沾润）	41.4358%	43,921,939
	100%	**106,000,000**

2.6 各方将根据相关中国法律法规承担各自因签署和履行本协议而产生的或与之相关的税收（包括但不限于企业所得税、个人所得税和印花税）。

3 Representations and Warranties of Party A

Party A hereby represents and warrants to Party B1, Party B2 and Party B3 that the following statements are true and correct as of the Execution Date and as of the Closing Date:

3.1 Party A is an enterprise legal person legally registered and validly existing in accordance with the laws of the PRC and with the legal rights to perform its obligations hereunder, and has obtained all authorizations or approvals necessary for the execution of this Agreement.

3.2 Execution and performance of this Agreement by Party A will neither violate relevant laws, regulations or the articles of association of Party A, nor contravene any agreements entered into by Party A previously or any statements, representations, undertakings or warranties made by Party A in favor of any third party.

3.3 Party A possesses valid title to the HX Equity and have the full and valid right to sell and transfer the HX Equity to Party B1, Party B2 and Party B3, free and clear from all liens, mortgagees, pledges, claims or any third party’s interests.

3 甲方的陈述与保证

甲方特此向乙方1、乙方2和乙方3声明并保证，截至签署日及交割日，以下陈述均真实、正确：

3.1 甲方为根据中国法律合法设立并有效存续的企业法人，具有履行本协议项下义务的合法权利，并已获得签署本协议所需的一切授权或批准。

3.2 甲方签署和履行本协议不会违反有关法律法规以及甲方的公司章程，也不存在与甲方此前已签订的协议或已经向任何第三方作出的任何陈述、声明、承诺或保证相冲突之情形。

3.3 甲方合法有效持有汉欣股权，并有完全有效的权利将汉欣股权出让并转让至乙方1、乙方2和乙方3，不受任何留置权、抵押权、质押权、请求权或任何第三方利益的影响。

4 Representations and Warranties of Party B1, B2, and B3

Each of Party B1, B2, and B3 hereby, severally and not jointly, represent and warrant to Party A the following statements are true and correct as of the Execution Date and as of the Closing Date:

4.1 Each of Party B1, Party B2, and Party B3 is an enterprise legal person legally registered and validly existing in accordance with the laws of the PRC and with the legal rights to perform its obligations hereunder, and has obtained all authorizations or approvals necessary for the execution of this Agreement.

4.2 Execution and performance of this Agreement by each of Party B1, Party B2, and Party B3 will neither violate relevant laws, regulations, normative documents or the partnership agreement of any of Party B1, Party B2, or Party B3, respectively, nor contravene any agreements entered into by each of Party B1, Party B2, and Party B3 previously, or any statements, representations, undertakings or warranties made by each of Party B1, Party B2, and Party B3 in favor of any third party.

4 乙方1、乙方2和乙方3的陈述与保证

乙方1、乙方2和乙方3在此分别而非共同地向甲方声明并保证，截至签署日及交割日，以下陈述均真实、正确：

4.1 乙方1、乙方2和乙方3均为根据中国法律合法设立并有效存续的企业法人，具有履行本协议项下义务的合法权利，并已获得签署本协议所需的一切授权或批准。

4.2 乙方1、乙方2和乙方3分别签署及履行本协议，不会违反有关法律、法规或乙方1、乙方2或乙方3的合伙协议，也不存在与乙方1、乙方2和乙方3此前已签订的任何协议或乙方1、乙方2和乙方3各自做作出的有利于任何第三方的任何陈述、声明、承诺或保证相冲突之情形。

5 Unless expressly stated otherwise in this Agreement, any notice or other communication (a "**Notice**") sent by one Party to any of the other Parties in connection with this Agreement must be delivered by courier, prepaid registered

airmail or other form of recorded delivery to the address set out in Article 5. The addresses of the Parties are as follows:

i If to f Party A:

Attention: Yinhua Qiu

Address: No. 5, Xinghe Road, Nanjing Economic and Technological Development Zone

Email: perkyq@Amphastar.cn

ii If to Party B1:

Attention: Chongqing Zhang

Address: Suite 502, Building B8, No. 2, Zidong Road, Qixia District, Nanjing City

Email: njzhn1988@126.com

iii If to Party B2:

Attention: Haoning Zhang

Address: Suite 502, Building B8, No. 2-3, Zidong Road, Qixia District, Nanjing City

Email: njzhn1988@126.com

iv If to Party B3:

Attention: Haoning Zhang

Address: Suite 502, Building B8, No. 2-3, Zidong Road, Qixia District, Nanjing City

Email: njzhn1988@126.com

5 除本协议另有明确规定之外，一方向任一其他方发出的、与本协议相关的任何通知或其他通信（“通知”）必须以快递、邮资付讫航空挂号信或其他有记录的交付形式交付至本第5条所列明的地址。各方通讯地址如下：

i 至甲方

联系人：邱银华

地址：江苏省南京经济技术开发区兴和路5号

电子邮件：perkyq@Amphastar.cn

ii 至乙方1

联系人：张重庆

地址：南京市栖霞区紫东路2号B8栋502室

电子邮件：njzhn1988@126.com

iii 至乙方2

联系人:张昊宁

地址:南京市栖霞区紫东路2-3号B8栋502室

电子邮件:njzhn1988@126.com

iv 至乙方3

联系人:张昊宁

地址:南京市栖霞区紫东路2-3号B8栋502室

电子邮件:njzhn1988@126.com

6 Assignment

No Party may assign any rights or obligations under this Agreement, in whole or in part, to any third party without the prior written consents of the other Parties. This Agreement shall be binding on the Parties and their respective successors and permitted assigns.

6 权利义务的转让

未经本协议其他各方事先书面同意，任何一方均不得将本协议项下的任何权利或义务全部或部分转让予任何第三方。本协议应对各方及其各自的承继人和允许的受让人具有约束力。

7 Entire Agreement

This Agreement contains the whole agreement amongst the Parties relating to the Transaction and shall supersede any previous written or oral agreements between the Parties.

7 全部协议

本协议包含各方就本次交易而达成的全部协议，并将取代各方之间就本次交易在此之前所达成的任何书面或口头协议。

8 Confidentiality

8.1 Unless otherwise required by PRC Laws, US Laws, or Hong Kong Laws, no Party may disclose this Agreement or the transactions, arrangements or any other matters agreed upon or referred to in this Agreement, or disclose the information of the other Parties, without the prior written consent of the other Parties, which consent will not be unreasonably withheld or delayed. The provisions of this Section shall not apply to the information which has entered into the public domain, unless, however, the information enters into the public domain due to a Party's breach of the confidentiality obligations under this Section.

8.2 Notwithstanding the provisions of Section 8.1, any Party may disclose this Agreement or the transactions, arrangements or any other matters agreed upon or referred to in this Agreement to its shareholders, employees, directors or professional advisors to the extent that such disclosure is reasonably required for the purposes of this Agreement; provided that that Party shall ensure that the relevant shareholders, employees, directors or professional advisors are aware of and comply with the confidentiality obligations referred to in this Agreement. If it is required by laws or rules of courts or other applicable securities exchange having jurisdiction for any Party to disclose this Agreement and the transactions, arrangements or any other matters agreed upon or referred to in this Agreement, the Party may furnish only that portion of the disclosure that is legally required, but only after the form and terms of such disclosure have been notified to the other Party and the other Party has had a reasonable opportunity to comment thereon; provided that it must adopt all measures in order to obtain confidential treatment of such relevant information to the extent permitted on the applicable laws and regulations.

8 保密

8.1 除非中国法律、美国法律和香港法律另有规定，未经其他方事先书面同意（该同意不会被不当拒绝或延迟），任何一方不得披露本协议或本协议中约定或提及的交易、安排、任何其他事项或其他各方信息。本节的规定不适用于已进入公共领域的信息（除非该信息是由于一方违反本节规定的保密义务而进入公共领域）。

8.2 尽管有第8.1条的规定，任何一方均可向其股东、雇员、董事或专业顾问披露本协议或本协议中约定或提及的交易、安排或任何其他事项，并应以为本协议目的的合理要求为限；但该方应确保相关股东、雇员、董事或专业顾问了解并遵守本协议中提及的保密义务。如果法律或法院判决或其他适用的有管辖权的证券交易所要求任何一方披露本协议和本协议中约定或提及的交易、安排或任何其他事项，该方可以仅披露法律要求披露的部分，但必须先将该等披露的形式和条款通知其他方，且其他方有合理的机会就此发表意见；且该方必须采取一切措施，以便在适用法律和法规允许的范围内对该等相关信息进行保密处理。

9 Force Majeure

9.1 An event of force majeure referred to in this Agreement shall mean any unforeseen, unavoidable and insurmountable events which are beyond the control of a Party to this Agreement, and which arise after the Effective Date and as a result of which any Party is unable to perform its obligations under this Agreement. Such events shall include in particular earthquakes, typhoons, flood, fire, other acts of nature, epidemic, war, riots, hostility, public disturbance, acts of public enemies, prohibitions or acts of any governmental authority or public agency ("**Force Majeure Event**").

9.2 The Party which claims to be affected by a Force Majeure Event shall promptly inform the other Parties in writing of said Force Majeure Event. The Party claiming that the Force Majeure Event makes its performance of

this Agreement objectively impossible or impractical must use its best efforts to resolve or mitigate the consequences of said Force Majeure Event.

9.3 Failure of a Party to perform its obligations under this Agreement, in whole or in part, as a result of a Force Majeure Event as described in Section 9.1 shall not constitute a breach of this Agreement, and the performance of such obligations will suspend during the Force Majeure Event until resolved. The Parties shall immediately resume performance of their respective obligations under this Agreement upon resolution of the Force Majeure Event. Where the Force Majeure Event or its impact lasts for sixty (60) days or more, any Party may terminate this Agreement by sending notice of such termination to the other Parties in writing.

9 不可抗力

9.1 本协议所称不可抗力事件是指在生效日之后发生的且导致任一方无法履行其在本协议项下的义务的、超出本协议一方控制范围的任何不可预见、不可避免且不可克服的事件。此类事件尤其应包括地震、台风、洪水、火灾、其他自然灾害、流行病、战争、暴动、敌意、公众骚乱、公敌行动、任何政府机关或公共机构的禁令或行为("**不可抗力事件**")。

9.2 主张受到不可抗力事件影响的一方应立即通过书面形式将该等不可抗力事件通知另一方。主张不可抗力事件导致其对本协议的履行在客观上成为不可能或不实际的一方，应尽最大努力消除或减轻此等不可抗力事件的影响。

9.3 第9.1条所述的不可抗力事件导致一方未能全部或部分履行其在本协议项下的义务不应构成对本协议的违约，该等义务的履行将在不可抗力事件期间中止，直至得到解决。不可抗力事件解决后，各方应立即恢复履行各自在本协议项下的义务。如果不可抗力事件或其影响持续六十(60)日或以上，任何一方均可向其他方发出书面通知终止本协议。

10 Liabilities for Breach

10.1 Where any Party violates its representations, warranties, obligations or responsibilities under this Agreement or otherwise breaches this Agreement ("**Breaching Party**"), the Breaching Party shall be liable for its breach of this Agreement. This Agreement shall not restrict, and is not intended to limit, a Party's right to seek damages including economic losses, reasonable costs and fees incurred as a result of such breach including, but not limited to, reasonable attorneys' fees, notarial fees, travel expenses, execution fees, appraisal fees, and arbitration fees.

10.2 No failure of any Party to exercise, and no delay by it in exercising, any right, power or remedy in connection with this Agreement (each a "**Right**") shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of such Right or exercise of any other Right. The Rights provided in this Agreement are cumulative and not exclusive of any other Rights, whether provided by law or otherwise. Any express waiver of any breach of this Agreement shall not be deemed to be a waiver of any subsequent breach.

10 违约责任

10.1 任何一方违反其在本协议项下的陈述、保证、义务或责任或以其他方式违反本协议(“**违约方**”)，则违约方应就其在本协议项下的违约承担违约责任。本协议不应限制，或旨在限制一方寻求因该等违约要求损害赔偿的权利，包括经济损失、因违约而产生的合理费用和开支，包括但不限于合理的律师费、公证费、差旅费、执行费、鉴定费和仲裁费等。

10.2 任何一方未行使或延迟行使与本协议有关的任何权利、权力或救济(“**权利**”)，均不得视为对该权利的放弃，行使任何单一或部分权利，也不得妨碍任何其他或进一步行使该权利或行使其他任何权利。本协议规定的权利是累积的，不排除任何其他权利(不论是法律或其他规定)。对本协议的任何违约的任何明确放弃不应被视为对任何随后违约的放弃。

11 Effectiveness and Termination of the Agreement

11.1 This Agreement shall take effect on the Execution Date (“**Effective Date**”).

11.2 This Agreement may be terminated under the following circumstances:

i This Agreement may be terminated upon unanimous agreement by all Parties through consultations. Such consultation must be requested by a Party in writing.

ii This Agreement may be terminated pursuant to Section 9.3 above.

11.3 Termination of this Agreement for any cause shall not release a Party from any liability which already accrued at the time of termination or which thereafter may accrue in respect of any act or omission prior to such termination. The confidentiality provisions of this Agreement, as described in Section 8, shall survive termination of this Agreement.

11 协议的生效和终止

11.1 本协议于签署日生效(“**生效日**”)。

11.2 本协议可在以下情况终止：

i 本协议可在各方通过协商一致后终止。该等协商须由一方以书面形式提出。

ii 本协议可根据上述第9.3条终止。

11.3 因任何原因终止本协议，不得排除一方在终止时已经产生或此后可能产生的与终止前的任何作为或不作为有关的任何责任。本协议第8条所述的保密义务在本协议终止后应继续有效。

12 Severability

If any provision in this Agreement is deemed to be illegal, invalid or unenforceable,

in whole or in part, under any PRC law shall be deemed not to form part of this Agreement; provided, however, that the legality, validity and enforceability of the remainder of this Agreement shall not be affected.

12 可分割性

如果根据任何中国法律，本协议中的任何条款被认定为全部或部分违法、无效或不可执行，则应被视为不构成本协议的一部分，但本协议其余部分的合法性、有效性和可执行性不受影响。

13 Applicable Law and Dispute Resolution

13.1 The formation, performance, validity and interpretation of, and resolution of disputes under this Agreement shall be governed by PRC laws.

13.2 In the event of any dispute arises out of the interpretation and performance of this Agreement, the Parties shall resolve such dispute through friendly consultations requested in writing. If any dispute is not resolved by friendly consultations within 30 days after the date such consultations were first requested in writing by a Party, either Party may submit the relevant dispute to the Shanghai International Arbitration Center ("**SHIAC**") and resolved in accordance with the arbitration rules of SHIAC in force at the time of applying for arbitration. The place of arbitration shall be Shanghai, and the language used in arbitration shall be Chinese and English. The arbitration award shall be final and binding on the Parties.

13 适用法律及争议解决

13.1 本协议的订立、履行、效力、解释和争议的解决均受中国法律管辖。

13.2 如因本协议的解释和履行而产生任何争议，各方应通过书面请求进行友好协商解决。如果任何争议在一方首次以书面形式请求友好协商之日起30天内未能解决，任何一方均可将有关争议提交上海国际仲裁中心("**上海仲裁中心**")，并按照申请仲裁时有效的上海仲裁中心的仲裁规则解决。仲裁地点为上海，仲裁语言为中文和英文。仲裁裁决为最终裁决，对各方具有约束力。

14 Short Form HX Equity Transfer Agreement

To the extent required for purpose of HX SAMR Registration, the Parties agree to use their commercially reasonable efforts to enter into a short form of the HX Equity Transfer agreement with respect to the Transaction. If there is any conflict or discrepancy between such short form HX Equity Transfer agreement and this Agreement, this Agreement shall prevail.

14 简版汉欣股权转让协议

在汉欣医药工商登记之目的的要求下，各方同意尽其商业上的合理努力，就汉欣股权转让签订简版股权转让协议。如果该简版股权转让协议与本协议之间存在任何冲突或差异，应以本协议为准。

15 Language

This Agreement is signed in Chinese and English. The Chinese version of this Agreement shall prevail when any conflict in interpretation arises.

15 语言

本协议以中文和英文签署。如解释上发生任何冲突，应以本协议的中文版本为准。

16 Counterparts

This Agreement is signed in nine (9) originals, ANP shall retain 2, and HX shall retain 2, and QQ、ZP、ZR shall retain 1 original respectively and two (2) for governmental registration or filing. Each original has equal legal effect.

16 副本

本协议一式玖份，美药星执贰份，汉欣医药执贰份，谦洽、众盼和沾润各执壹份，贰份用于工商登记或备案。每份具有同等法律效力。

（No text on this page. This is the signature page of the Share Repurchase Agreement /本页无正文，为股权回购协议签署页）

Amphastar Nanjing Pharmaceuticals Inc.,
美药星(南京)制药有限公司
(Seal/盖章)

/s/Yinhua Qiu

Name/姓名: Yinhua Qiu/邱银华
Title/职务: Legal Representative/法定代表人

（No text on this page. This is the signature page of the Share Repurchase Agreement /本页无正文，为股权回购协议签署页）

Nanjing Qianqia Enterprise Management Consulting (LLP)
南京谦洽企业管理咨询中心(有限合伙)
(Seal/盖章)

/s/Chongqing Zhang

Name/姓名: Chongqing Zhang/张重庆
Title/职务: Executive Partner/执行事务合伙人

（No text on this page. This is the signature page of the Share Repurchase Agreement /本页无正文，为股权回购协议签署页）

Nanjing Zhongpan Enterprise Management Consulting Center (LLP)
南京众盼企业管理咨询中心(有限合伙)
(Seal/盖章)

/s/Haoning Zhang

Name/姓名: Haoning Zhang/张昊宁
Title/职务: Executive Partner/执行事务合伙人

（No text on this page. This is the signature page of the Share Repurchase Agreement /本页无正文，为股权回购协议签署页）

Nanjing Zhanrun Enterprise Management Consulting Center (LLP)
南京沾润企业管理咨询中心(有限合伙)
(Seal/盖章)

/s/Haoning Zhang

Name/姓名: Haoning Zhang/张昊宁
Title/职务: Executive Partner/执行事务合伙人

Exhibit A The ANP Appraisal Report

附件A 美药星资产评估报告

Exhibit B The HX Appraisal Report

附件B 汉欣资产评估报告

Exhibit 31.1

Certification

I, Jack Y. Zhang, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amphastar Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2021

By: **/s/ JACK Y. ZHANG**
Jack Y. Zhang
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification

I, William J. Peters, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amphastar Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2021

By: **/s/ WILLIAM J. PETERS**
William J. Peters
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned officer of Amphastar Pharmaceuticals, Inc. (the "Company"), hereby certifies, to the best of such officer's knowledge, that:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

By: **/s/ JACK Y. ZHANG**
Jack Y. Zhang
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. §1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned officer of Amphastar Pharmaceuticals, Inc. (the "Company"), hereby certifies, to the best of such officer's knowledge, that:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

By: **/s/ WILLIAM J. PETERS**
William J. Peters
Chief Financial Officer
(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. §1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.