



CreditRiskMonitor’s warning of Akorn, Inc.’s (“Akorn”) bankruptcy risk was determined by a combination of factors:

Monthly Average FRISK [®] Score.....	Page 2
The FRISK [®] Score Components.....	3
Management Discussion and Analysis.....	4
Company Report Detail.....	5
FRISK [®] Deep Dive and Adjusted Market Cap Volatility.....	6
FRISK [®] Stress Index.....	7
Peer Analysis on Alternate Suppliers and Customers.....	8
Quarterly Performance Ratios.....	9
Quarterly Leverage Ratios.....	10
Quarterly Liquidity Ratios and Rates of Return.....	11
Annual Statement of Cash Flows.....	12
News Alerts: A Timeline of Concerning News Items.....	13

About This Report/Contact CreditRiskMonitor [®]	14

MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Akorn, Inc. (OTC: AKRXQ) for more than a year. We had issued a special [High Risk Report](#), dated Jan. 21 2019, as conditions continued to deteriorate and become more troubling. **The company ultimately filed for bankruptcy on May 20, 2020.**

Akorn received a warning letter from the Food & Drug Administration surrounding quality and compliance shortfalls.

Mr. Johnson, a member of the Board of Directors since 2003, resigned from his position effective immediately.

Akorn received an auditor opinion that contained a going concern clause, in part due to an amendment agreed upon with lenders.

Business Name	2019							2020				
	J	J	A	S	O	N	D	J	F	M	A	M
Akorn, Inc.	1	1	1	1	1	1	1	1	1	1	1	1

BANKRUPT!

Securities Class Action Settlement resulted in cash disbursements, stock offerings, and claims on insurance.

Akorn disclosed that it intended to pursue strategic alternatives, either through a sale or debt restructuring.

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. **A FRISK® score of 5 or less is an important warning sign.**

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company’s Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company’s liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they’re personally liable if they’re lying.

According to the Financial Accounting Standards Board (FASB), “MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed.”

Report

- Overview
- Company News
- Risk Ratings
- Important Information
- Annual Financials
- Year/Year Interim
- Sequential Quarters
- Liquidity (MD&A)**
- SEC Filings
- Peer Analysis
- Payments
- Public Filings
- General Info
- Access History
- Credit Limit
- Update Portfolio
- Print/Save Report
- Currency Converter
- Send This to a Colleague

Akorn, Inc.
1925 W Field Ct Ste 300
LAKE FOREST, IL 60045-4862 United States
Phone: (847) 279-6100

Filed for Bankruptcy on 5/20/2020
Case #20-11177, filed in the U.S. Bankruptcy Court for the District of Delaware

Management Discussion and Analysis History

As discussed elsewhere in this Annual Report on Form 10-K, **the continuation of our business is dependent upon our ability to comply with the Second Amended Standstill Agreement and the Term Loan Agreement and conduct a successful Sale Process. These factors, together with the Company's recurring losses from operations and net capital deficiency, create substantial doubt about the Company's ability to continue as a going concern.**

We require certain capital resources in order to operate our business. Our primary sources of liquidity have historically been cash generated from operations and borrowings under our Term Loans. **On July 16, 2019, the A&R Credit Agreement governing our asset-based revolving credit facility was terminated pursuant to its terms, and accordingly no longer provides a source of liquidity.**

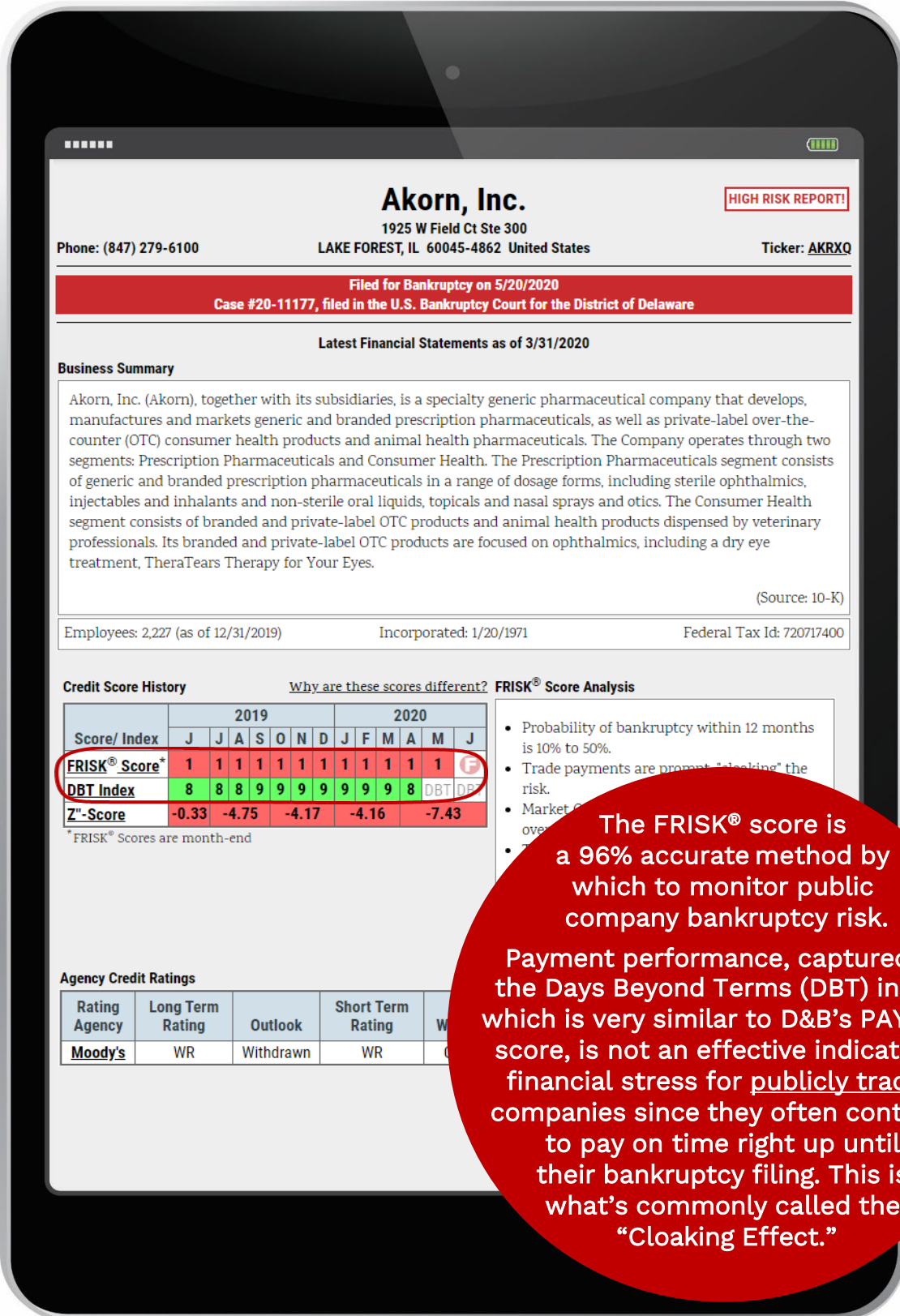
Historically, our principal liquidity sources have been cash generated from operations and borrowings under our Term Loans. **In August 2019, management disclosed that access to the revolving credit facility was terminated. The company was also subject to an adverse litigation settlement and a credit amendment that required a sale of the business. Contact your account manager to discuss these important red flags.**

Our cash obligations include the principal amount of our Term Loans, interest obligations on our Term Loans, and other obligations. **Our cash obligations include the principal amount of our Term Loans, interest obligations on our Term Loans, and other obligations.**

Our Term Loans are secured by certain assets of the Company. **Our Term Loans are secured by certain assets of the Company.**

Our Term Loans are subject to the terms and conditions of the Second Amended Standstill Agreement described in our Annual Report on Form 10-K. **Our Term Loans are subject to the terms and conditions of the Second Amended Standstill Agreement described in our Annual Report on Form 10-K.**

COMPANY REPORT DETAIL



Akorn, Inc.

HIGH RISK REPORT!

1925 W Field Ct Ste 300

Phone: (847) 279-6100

LAKE FOREST, IL 60045-4862 United States

Ticker: **AKRXQ**

**Filed for Bankruptcy on 5/20/2020
Case #20-11177, filed in the U.S. Bankruptcy Court for the District of Delaware**

Latest Financial Statements as of 3/31/2020

Business Summary

Akorn, Inc. (Akorn), together with its subsidiaries, is a specialty generic pharmaceutical company that develops, manufactures and markets generic and branded prescription pharmaceuticals, as well as private-label over-the-counter (OTC) consumer health products and animal health pharmaceuticals. The Company operates through two segments: Prescription Pharmaceuticals and Consumer Health. The Prescription Pharmaceuticals segment consists of generic and branded prescription pharmaceuticals in a range of dosage forms, including sterile ophthalmics, injectables and inhalants and non-sterile oral liquids, topicals and nasal sprays and otics. The Consumer Health segment consists of branded and private-label OTC products and animal health products dispensed by veterinary professionals. Its branded and private-label OTC products are focused on ophthalmics, including a dry eye treatment, TheraTears Therapy for Your Eyes.

(Source: 10-K)

Employees: 2,227 (as of 12/31/2019)

Incorporated: 1/20/1971

Federal Tax Id: 720717400

Credit Score History

[Why are these scores different?](#)

FRISK® Score Analysis

Score/ Index	2019					2020							
	J	J	A	S	O	N	D	J	F	M	A	M	J
FRISK® Score*	1	1	1	1	1	1	1	1	1	1	1	1	F
DBT Index	8	8	8	9	9	9	9	9	9	9	8	8	DBT DE
Z"-Score	-0.33	-4.75	-4.75	-4.17	-4.17	-4.16	-4.16	-7.43	-7.43	-7.43	-7.43	-7.43	-7.43

*FRISK® Scores are month-end

- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt "clocking" the risk.
- Market C over
- T

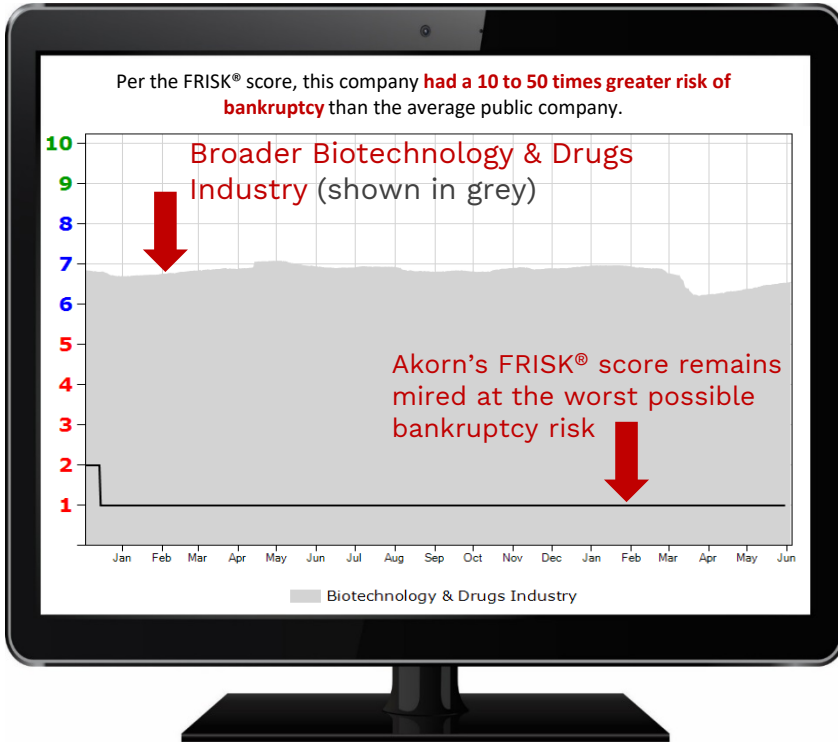
The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	W
Moody's	WR	Withdrawn	WR	C

FRISK® DEEP DIVE



The FRISK® score relative to the broader Biotechnology & Drugs industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	Akorn, Inc. HIGH RISK REPORT!	United States	1
2	Assertio Holdings Inc	United States	2
3	TherapeuticsMD Inc	United States	2
4	IND Swift Ltd.	India	1
5	Ascendis Health Ltd	South Africa	1
6	Advanz Pharma Corp Ltd	United Kingdom	1
7	Omeros Corporation	United States	2
8	Hengchang Medical Group Co Ltd	China	1
9	Jaguar Health Inc	United States	2
10	Canadian International Pharma Corp	Canada	2

FRISK® Stress Index - SIC classification: Pharmaceutical preparations located in All Countries

See COVID-19 Impact on Frisk Scores around the world...

Primary industry codes only Primary and secondary industry codes

Businesses From: All Businesses CLEAR

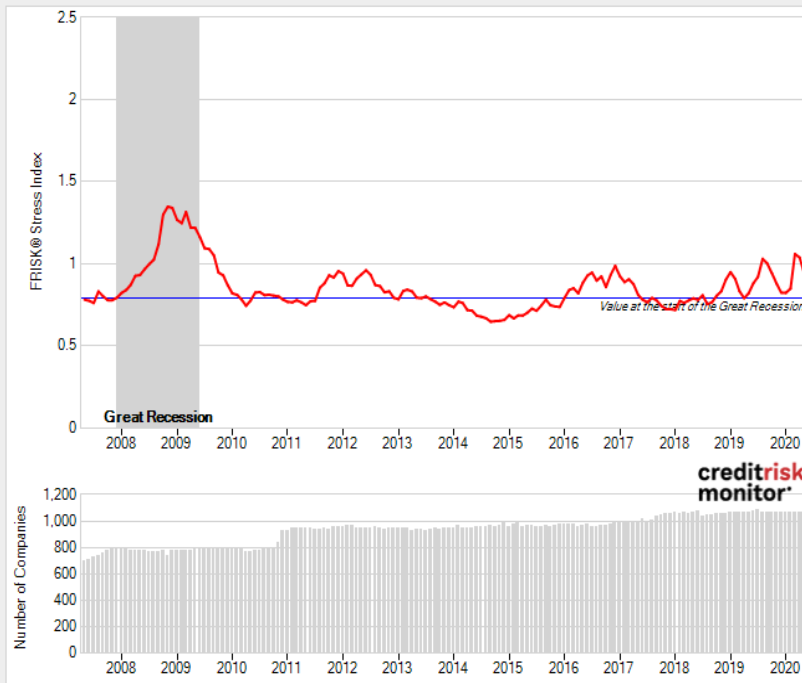
In Industry: SIC 2834: Pharmaceutical preparations

Country: All Countries

UPDATE RESULTS

Scale: Auto

Total Companies in all months 1,735



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 2834 (Pharmaceutical Preparations) has marginally increased since 2007. However, Akorn was among the weakest names in the industry as evidenced by its FRISK® score of 1.

[Request a Personalized Demo](#)

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Analysis: SIC classification: Pharmaceutical preparations

Calendar Year/Quarter: 2020.1

Businesses in Peer Group: 3950	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
Z-Score	993	1210	-7.43	-20,910.07	3.28	352.06
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	46	381	204,693	0	4,823	39,157,000
Gross Margin % Of Sales	504	902	46.19	-61,425.00	50.20	1,301.57
Gross Margin % Of Sales -- TTM	586	924	40.73	-41,044.37	50.77	742.60
SGA % Of Sales	468	1021	31.78	0.01	34.71	98,820.89
SGA % Of Sales -- TTM	538	1053	36.94	2.48	36.40	88,580.77
Operating Margin % Of Sales	819	1022	-120.63	-92,250.00	4.54	1,132.27
Operating Margin % Of Sales -- TTM	775	1059				
EBITDA Margin Of Sales	387	569				
EBITDA Margin Of Sales -- TTM	467	727				
Net Profit Margin % Of Sales	825	1023				
Net Profit Margin % Of Sales -- TTM	781	1057				
Pre-tax Income % Of Sales	820	1023				
Effective Tax Rate	388	960				
Depreciation % Of Prop/Plant/Equipment	371	918				
Capital Expense % Of Prop/Plant/Equipment	521	933				
Interest Coverage	353	937				
Interest Coverage -- TTM	434	719	-2.45	-52,068.25	1.38	12,601.00
Liquidity ratios:						
Cash Ratio	1153	1232	0.07	-38.32	1.29	144.60
Quick Ratio	945	985	0.26	-68.43	1.51	166.58
Current Ratio	1194	1232	0.50	-153.93	2.70	166.87
Efficiency ratios:						
Accounts Receivable Turnover	442	1004				
Days Sales Outstanding	506	1031				
% of Inventory Financed by Vendors	699	785				
% of Inventory Financed by Vendors -- TTM	706	812				
Inventory Turnover	400	880				
Inventory Turnover -- TTM	441	885				
Days Sales in Inventory	404	864				
Inventory to Working Capital	835	865				
Accounts Payable Turnover	99	1128				
Accounts Payable Turnover -- TTM	124	1131				
Leverage & debt coverage:						
Total Debt to Equity Ratio	929			0.00	0.28	372.77
Debt to Tangible Equity Ratio	847			0.00	0.27	60.17
Total Debt to Assets Ratio	951	991	0.83	0.00	0.19	45.04
Short-Term Debt % of Total Debt	706	867	100.00	0.00	54.91	100.00
Short-Term Debt % of Working Capital	836	897	-172.54	-14,530.19	9.90	54,185.86
Liabilities to Net Worth Ratio		1076		-0.00	0.54	522.35
Total Liabilities to Equity Ratio		1161		-0.00	0.51	855.16
TTM EBITDA to Total Debt	407	664	-0.36	-1,666.53	0.12	1,164.92
Net Debt to TTM EBITDA		378		-599.43	0.78	155.19

Rank	Company Name
1	Karuna Therapeutics Inc
2	Innoviva Inc
3	4Basebio AG
4	Phathom Pharmaceuticals Inc
5	Infant Bacterial Therapeutics AB

Rank	Company Name
1	Palatin Technologies, Inc.
2	AnaptysBio Inc
3	Annovis Bio Inc
4	Immunomedics, Inc.
5	Keros Therapeutics Inc

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

Akorn demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Operating and net losses in all but one of the last five fiscal quarters

Poor interest coverage ratio & negative free cash flow

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 3/31/2020	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019
Net Sales \$	\$204,693	\$162,257	\$176,244	\$178,057	\$165,871
% change	26.15%	-7.94%	-1.02%	7.35%	8.14%
Gross Margin \$	\$94,544	\$59,807	\$71,402	\$67,984	\$53,513
% change	58.08%	-16.24%	5.03%	27.04%	111.96%
% of sales	46.19%	36.86%	40.51%	38.18%	32.26%
change as % of incremental sales	81.86%	n/m	n/m	118.75%	226.40%
SG&A \$	\$65,056	\$84,781	\$55,550	\$61,042	\$72,498
% change	-23.27%	52.62%	-9.00%	-15.80%	3.90%
% of sales	31.78%	52.25%	31.52%	34.28%	43.71%
change as % of incremental sales	-46.48%	n/m	n/m	-94.01%	21.79%
Operating margin \$	(\$246,918)	(\$43,980)	\$8,768	(\$87,366)	(\$65,483)
% change	-461.43%	-601.60%	110.04%	-33.42%	66.57%
% of sales	-120.63%	-27.11%	4.97%	-49.07%	-39.48%
change as % of incremental sales	-478.22%	n/m	n/m	-179.57%	1,044.31%
EBITDA \$	(\$233,305)	(\$26,533)	\$26,090	(\$69,748)	(\$46,380)
% change	-779.30%	-201.70%	137.41%	-50.38%	73.16%
% of sales	-113.98%	-16.35%	14.80%	-39.17%	-27.96%
change as % of incremental sales	-487.26%	n/m	n/m	-191.76%	1,012.44%
EBIT \$	(\$247,179)	(\$43,596)	\$8,976	(\$87,121)	(\$65,130)
% change	-466.98%	-585.70%	110.30%	-33.76%	66.51%
% of sales	-120.76%	-26.87%	5.09%	-48.93%	-39.27%
change as % of incremental sales	-479.74%	n/m	n/m	-180.46%	1,036.10%
Pre-tax income \$	(\$280,172)	(\$78,313)	(\$18,587)	(\$110,117)	(\$80,761)
% change	-257.76%	-321.33%	83.12%	-36.35%	61.42%
% of sales	-136.87%	-48.26%	-10.55%	-61.84%	-48.69%
change as % of incremental sales	-475.68%	n/m	n/m	-240.90%	1,030.03%
Net income (loss) \$	(\$256,727)	(\$80,660)	\$47,670	(\$111,599)	(\$82,181)
% change	-218.28%	-269.21%	142.72%	-35.80%	61.78%
% of sales	-125.42%	-49.71%	27.05%	-62.68%	-49.55%
change as % of incremental sales	-414.90%	n/m	n/m	-241.41%	1,064.13%
Tax expense \$	(\$23,445)	\$2,347	(\$66,257)	\$1,482	\$1,420
Effective tax rate	8.37%	-3.00%	356.47%	-1.35%	-1.76%
Depreciation expense \$	\$7,732	\$7,706	\$7,739	\$7,503	\$7,685
% of sales	3.78%	4.75%	4.39%	4.21%	4.63%
% of capital expenses	67.05%	111.28%	116.22%	108.88%	76.40%
% of PP&E, net (annualized)	9.75%	9.30%	8.94%	8.63%	9.00%
Capital expenditures \$	\$11,531	\$6,925	\$6,659	\$6,891	\$10,059
% change	66.51%	3.99%	-3.37%	-31.49%	-44.32%
% of PP&E, net (annualized)	14.54%	8.35%	7.69%	7.92%	11.78%
% of working capital (annualized)	-9.22%	-5.61%	-5.46%	-49.10%	10.13%
Interest coverage ratio	(6.80)	(0.73)	0.91	(2.84)	(2.58)
% change	-832.76%	-179.82%	132.14%	-10.26%	73.75%
Free cash flow \$	(\$72,960)	(\$48,638)	\$27,446	(\$5,739)	(\$40,522)
% change	-50.01%	-277.21%	578.24%	85.84%	19.31%
Source:	10-Q 5/11/2020	10-K 2/26/2020	10-Q 10/31/2019	10-Q 8/2/2019	10-Q 5/9/2019

QUARTERLY LEVERAGE RATIOS

Persistently negative tangible net worth indicated limited financial flexibility

After closing on several acquisitions with term loans, debt to assets became extremely elevated

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019
Total debt \$	\$853,676	\$843,382	\$838,574	\$828,346	\$821,782
% change	1.22%	0.57%	1.23%	0.80%	0.17%
Stockholders' equity \$	(\$19,494)	\$234,292	\$312,408	\$261,152	\$365,749
% change	-108.32%	-25.00%	19.63%	-28.60%	-17.60%
Total debt to equity ratio	n/a	3.60	2.68	3.17	2.25
% change	n/a	34.11%	-15.38%	41.17%	21.56%
Tangible net worth \$	(\$229,153)	(\$249,432)	(\$199,441)	(\$260,072)	(\$165,818)
% change	8.13%	-25.07%	23.31%	-56.84%	-32.67%
Total assets \$	\$1,032,275	\$1,288,639	\$1,398,364	\$1,414,159	\$1,437,191
% change	-19.89%	-7.85%	-1.12%	-1.60%	-3.88%
Total debt to assets ratio	0.83	0.65	0.60	0.59	0.57
% change	26.36%	9.14%	2.37%	2.45%	4.21%
Tangible assets \$	\$822,616	\$804,915	\$886,515	\$892,935	\$905,624
% change	2.20%	-9.20%	-0.72%	-1.40%	-2.24%
Short-term debt \$	\$853,647	\$843,348	\$838,536	\$828,302	\$19
% change	1.22%	0.57%	1.24%	4,359,384.21%	n/a
Short-term debt % of total debt	100.00%	100.00%	100.00%	99.99%	0.00%
% change	0.00%	0.00%	0.00%	4,347,495.65%	n/a
Short-term debt % of working capital	-172.54%	-166.82%	-173.99%	-167.70%	0.01%
% change	-3.43%	4.12%	-3.75%	-3,354,004.00%	n/a
Total liabilities \$	\$1,051,769	\$1,054,347	\$1,085,956	\$1,153,007	\$1,071,442
% change	-0.24%	-2.91%	-5.82%	7.61%	1.91%
Total liabilities to equity ratio	n/a	4.50	3.48	4.42	2.93
% change	n/a	29.46%	-21.27%	50.72%	23.67%
Total debt to EBITDA ratio (annualized)	n/a	n/a	8.04	n/a	n/a
Source:			10-Q 10/31/2019	10-Q 8/2/2019	10-Q 5/9/2019

Current debt increased to 100% as the company was required to enter into a comprehensive amendment

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Working capital turned negative

Limited cash and equivalents

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019
Current assets \$	\$490,864	\$480,047	\$533,956	\$537,775	\$550,453
% change	2.25%	-10.10%	-0.71%	-2.30%	-5.72%
% of short-term debt	57.50%	56.92%	63.68%	64.93%	2,897,121.05%
Current liabilities \$	\$985,603	\$985,587	\$1,015,911	\$1,031,708	\$168,786
% change	0.00%	-2.98%	-1.53%	511.25%	-1.19%
Working capital \$	(\$494,739)	(\$505,540)	(\$481,955)	(\$493,933)	\$381,667
% change	2.14%	-4.89%	2.43%	-229.41%	-7.59%
% of sales (annualized)	-60.42%	-77.89%	-68.36%	-69.35%	57.52%
Cash \$	\$72,181	\$144,804	\$205,542	\$178,264	\$184,090
% change	-50.15%	-29.55%	15.30%	-3.16%	-18.13%
% of short-term debt	8.46%	17.17%	24.51%	21.52%	968,894.74%
Cash ratio	0.07	0.15	0.20	0.17	1.09
% change	-50.17%	-27.39%	17.07%	-84.16%	-17.15%
Quick assets \$	\$259,399	\$278,977	\$348,413	\$350,875	\$358,415
% change	-7.02%	-19.93%	-0.70%	-2.10%	-5.18%
% of short-term debt	30.39%	33.08%	41.55%	42.36%	1,886,394.74%
Quick ratio	0.26	0.28	0.34	0.34	2.12
% change	-7.03%	-17.46%	0.85%	-83.98%	-4.04%
Current ratio	0.50	0.49	0.53	0.52	3.26
% change	2.24%	-7.33%	0.84%	-84.02%	-4.58%
Source:	10-Q 5/11/2020	10-K 2/26/2020	10-Q 10/31/2019	10-Q 8/2/2019	10-Q 5/9/2019

Poor returns on equity and total assets

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 3/31/2020	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019
Return on equity	-109.58%	-25.82%	18.25%	-30.51%	-18.51%
% change	-324.40%	-241.44%	159.82%	-64.80%	43.84%
Return on total assets	-22.12%	-6.00%	3.39%	-7.83%	-5.60%
% change	-268.49%	-277.11%	143.30%	-39.66%	58.16%
Return on tangible assets	-31.55%	-9.54%	5.36%	-12.41%	-8.97%
% change	-230.78%	-278.01%	143.17%	-38.32%	59.49%
Source:	10-Q 5/11/2020	10-K 2/26/2020	10-Q 10/31/2019	10-Q 8/2/2019	10-Q 5/9/2019

ANNUAL STATEMENT OF CASH FLOWS

Negative cash from operating activities

Statement of Cash Flows - Annual - Standardized

(Thousands of U.S. Dollars)

Period Ended	12 mos 12/31/2019	12 mos 12/31/2018	12 mos 12/31/2017	12 mos 12/31/2016	12 mos 12/31/2015
			Restated 12/31/2018	Restated 12/31/2018	
Cash Flows from Operating Activities:					
Net income	(\$226,770)	(\$401,909)	(\$24,550)	\$184,243	\$150,798
Depreciation/depletion	70,300	82,805	85,173	87,963	86,924
Deferred taxes	(339)	(37,396)	(115,249)	(32,934)	(46,130)
Non-cash items	141,775	264,361	151,221	66,475	10,514
Changes in working capital	(21,885)	23,245	151,038	(139,057)	95,542
Total cash from operating activities	(36,919)	(68,894)	247,633	166,690	297,648
Cash Flows from Investing Activities:					
Capital expenditures	(30,534)	(69,161)	(95,370)	(78,888)	(31,769)
Other investing cash flow items, total	132	30	4,815	5,966	(21,949)
Total cash from investing activities	(30,402)	(69,131)	(90,555)	(72,922)	(53,718)
Cash Flows from Financing Activities:					
Financing cash flow items	(12,576)	(5,570)	(1,726)	(6,624)	30,442
Issuance/retirement of stock, net	0	546	9,320	(33,709)	11,916
Issuance/retirement of debt, net	(352)	(14)	0	(200,000)	(10,450)
Total cash from financing activities	(12,928)	(5,038)	7,594	(240,333)	31,908
Foreign exchange effects	62	(1,032)	1,183	2	(251)
Net change in cash	(80,187)	(144,095)	165,855	(146,563)	275,587
Net cash-beginning balance	225,794	369,889	204,034	350,597	70,679
Net cash-ending balance	\$145,607	\$225,794	\$369,889	\$204,034	\$346,266
Supplemental Disclosures:					
Cash interest paid	\$64,536	\$57,144	\$45,472	\$44,063	\$54,763
Cash taxes paid, supplemental	(\$14,530)	\$9,261	\$42,003	\$132,695	\$34,404
Auditor/Opinion:	BDO USA, LLP	BDO USA, LLP	BDO USA, LLP	BDO USA, LLP	KPMG LLP
	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified with Explanation
Source:	10-K	10-K	10-K	10-K	10-K
	2/26/2020	3/1/2019	3/1/2019	3/1/2019	5/10/2016

NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<p>After receiving an FDA warning letter following the inspections of one of its manufacturing facilities during April and May of 2018, Akorn announced the hiring of a new Executive Vice President of Global Quality in March 2019.</p>		
03/21/2019	Globe Newswire	Akorn Names Erislandy (Dandy) Dorado-Beladeres as Executive Vice President of Global Quality
<p>Akorn entered into an amended and restated credit agreement pertaining to its asset-backed revolving credit facility. Companies in financial stress that disclose credit amendments frequently end up violating those covenants or restructuring their debt.</p>		
04/17/2019	CRMZ News Service	Akorn Inc.: a Form 8-K has been filed with the SEC
<p>The company announced a standstill agreement and first amendment on its loan, which temporarily barred either party from declaring default or cause of breach based on certain sections of its existing contract. With this intermission however, Akorn would be required to pay additional fees and adhere to strict guidelines requested by the lender.</p>		
05/07/2019	CRMZ News Service	Akorn Inc. Files (8-K) Disclosing Entry into a Material Definitive Agreement, Creation of Direct Financial Obligation
<p>The FDA sent another warning letter to Akorn about the failure of quality and compliance at another manufacturing facility, which mandated that production would need to be halted until resolved. Two consecutive quality control events had negatively impacted operating cash flows.</p>		
06/25/2019	CRMZ News Service	Akorn Receives FDA Warning Letter
<p>Following the closing of a class action lawsuit, Akorn would be required to deliver insurance policy proceeds, issue common stock, equity rights, and cash payments as part of a settlement. This event would create substantial liabilities and further drain already limited cash balances.</p>		
08/12/2019	CRMZ News Service	Akorn Inc. Files (8-K) Disclosing Entry into a Material Definitive Agreement, Creation of Direct Financial Obligation
<p>Management disclosed that it was pursuing strategic alternatives, including the sale of its assets or a Chapter 11 bankruptcy filing in order to handle litigation obligations and outstanding debt. Distressed operators that consider strategic alternatives often end up filing bankruptcy.</p>		
12/16/2019	CRMZ News Service	Akorn Inc. files Disclosing Entry into a Material Definitive Agreement, Change in Directors or Principals Officers, Financial Statements and Exhibits
<p>In April, the company disclosed that it did not have any active bidders for its assets. By May, Akorn and its U.S. subsidiaries would voluntarily file for Chapter 11. Lenders provided \$30 million in DIP financing to support continued business operations and bankruptcy court expenses. Unsecured claims that were subject to financial loss included its customers and trade vendors.</p>		
05/20/2020	PR Newswire	Akorn to Use Voluntary Chapter 11 Process to Position Business for Long-Term Success

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR®



CreditRiskMonitor® is a financial risk analysis and news service that helps credit, supply chain and financial professionals stay ahead of and manage risk quickly, accurately and cost effectively. More than 35% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our financial risk coverage of over 57,000 global public companies.

CreditRiskMonitor® Bankruptcy Case Studies provide post-filing analyses of public company bankruptcies. Our case studies educate subscribers about methods they can apply to assess bankruptcy risk using CreditRiskMonitor's proprietary FRISK® score, robust financial database and timely news alerts.

[Request a Personalized Demo and Risk Assessment](#)

[Read more Bankruptcy Case Studies, High Risk Reports and other resources](#)

Contact us at:

845.230.3000

[creditriskmonitor.com/contact-us](https://www.creditriskmonitor.com/contact-us)