

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2022

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: 001-33637

Cumberland Pharmaceuticals Inc.

(Exact Name of Registrant as Specified In Its Charter)

Tennessee
(State or Other Jurisdiction of
Incorporation or Organization)

2525 West End Avenue, Suite 950,
Nashville, Tennessee
(Address of Principal Executive Offices)

62-1765329
(I.R.S. Employer
Identification No.)

37203
(Zip Code)

(615) 255-0068

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:		
Class	Trading Symbol	Name of exchange on which registered
Common stock, no par value	CPIX	Nasdaq Global Select Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 14,766,492 shares of common stock as of May 9, 2022.

CUMBERLAND PHARMACEUTICALS INC.
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,266,785	\$ 27,040,816
Accounts receivable, net	14,635,435	6,877,346
Inventories	9,878,680	8,429,882
Prepaid and other current assets	3,561,027	3,339,969
Total current assets	45,341,927	45,688,013
Non-current inventories	10,593,792	9,048,567
Property and equipment, net	409,121	442,635
Intangible assets, net	34,479,356	23,954,475
Goodwill	1,932,876	882,000
Operating lease right-of-use assets	761,177	1,024,200
Other assets	3,178,857	3,419,908
Total assets	\$ 96,697,106	\$ 84,459,798
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 11,447,505	\$ 9,640,980
Operating lease current liabilities	766,488	969,677
Other current liabilities	12,343,405	8,668,303
Total current liabilities	24,557,398	19,278,960
Revolving line of credit	20,000,000	15,000,000
Operating lease noncurrent liabilities	22,712	90,016
Other long-term liabilities	11,323,593	7,488,844
Total liabilities	55,903,703	41,857,820
Commitments and contingencies		
Equity:		
Shareholders' equity:		
Common stock—no par value; 100,000,000 shares authorized; 14,730,760 and 14,742,754 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	48,046,764	48,452,906
Retained earnings (deficit)	(7,023,853)	(5,638,600)
Total shareholders' equity	41,022,911	42,814,306
Noncontrolling interests	(229,508)	(212,328)
Total equity	40,793,403	42,601,978
Total liabilities and equity	\$ 96,697,106	\$ 84,459,798

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended March 31,	
	2022	2021
Net revenues	\$ 11,175,045	\$ 10,537,159
Costs and expenses:		
Cost of products sold	2,211,885	2,417,329
Selling and marketing	4,614,429	3,787,340
Research and development	1,745,136	1,257,367
General and administrative	2,302,349	2,230,509
Amortization	1,593,245	1,168,914
Total costs and expenses	12,467,044	10,861,459
Operating income (loss)	(1,291,999)	(324,300)
Interest income	16,041	5,426
Interest expense	(119,575)	(24,417)
Income (loss) from continuing operations before income taxes	(1,395,533)	(343,291)
Income tax (expense) benefit	(6,900)	(7,458)
Net income (loss) from continuing operations	(1,402,433)	(350,749)
Discontinued operations	—	495,410
Net income (loss)	(1,402,433)	144,661
Net (income) loss at subsidiary attributable to noncontrolling interests	17,180	22,167
Net income (loss) attributable to common shareholders	\$ (1,385,253)	\$ 166,828
Earnings (loss) per share attributable to common shareholders		
- Continuing operations - basic	\$ (0.09)	\$ (0.02)
- Discontinued operations - basic	—	0.03
	\$ (0.09)	\$ 0.01
- Continuing operations - diluted	\$ (0.09)	\$ (0.02)
- Discontinued operations - diluted	—	0.03
	\$ (0.09)	\$ 0.01
Weighted-average shares outstanding		
- basic	14,691,623	14,974,663
- diluted	14,691,623	15,244,146

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ (1,402,433)	\$ 144,661
Discontinued operations	—	495,410
Net income (loss) from continuing operations	(1,402,433)	(350,749)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities:		
Depreciation and amortization expense	1,653,746	1,227,607
Share-based compensation	159,901	162,960
Increase (decrease) in non-cash contingent consideration	370,464	(280,020)
Decrease (increase) in cash surrender value of life insurance policies over premiums paid	222,209	(76,300)
Decrease (increase) in noncash interest expense	2,183	13,833
Net changes in assets and liabilities affecting operating activities:		
Accounts receivable	(7,758,089)	(171,584)
Inventories	2,271,484	1,868,350
Other current assets and other assets	239,862	507,102
Accounts payable and other current liabilities	4,461,389	(1,311,123)
Other long-term liabilities	(371,214)	(299,937)
Net cash provided by (used in) operating activities from continuing operations	(150,498)	1,290,139
Discontinued operations	—	495,410
Net cash provided by (used in) operating activities	(150,498)	1,785,549
Cash flows from investing activities:		
Additions to property and equipment	(26,986)	(19,458)
Note receivable investment funding	—	(200,000)
Cash paid for acquisitions	(13,500,000)	—
Additions to intangible assets	(14,912)	(98,883)
Net cash used in investing activities	(13,541,898)	(318,341)
Cash flows from financing activities:		
Borrowings on line of credit	20,000,000	15,000,000
Repayments on line of credit	(15,000,000)	(15,000,000)
Cash payment of contingent consideration	(501,505)	(995,277)
Repurchase of common shares	(580,130)	(302,802)
Net cash provided by (used in) financing activities	3,918,365	(1,298,079)
Net increase (decrease) in cash and cash equivalents	(9,774,031)	169,129
Cash and cash equivalents at beginning of period	\$ 27,040,816	\$ 24,753,796
Cash and cash equivalents at end of period	\$ 17,266,785	\$ 24,922,925

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Equity
(Unaudited)

	Common stock		Retained earnings (deficit)	Noncontrolling interests	Total equity
	Shares	Amount			
Balance, December 31, 2020	14,988,429	\$ 49,121,523	\$ (2,131,013)	\$ (117,116)	\$ 46,873,394
Share-based compensation	187,759	162,960	—	—	162,960
Repurchase of common shares	(91,724)	(303,088)	—	—	(303,088)
Net income (loss)	—	—	166,828	(22,167)	144,661
Balance, March 31, 2021	15,084,464	\$ 48,981,395	\$ (1,964,185)	\$ (139,283)	\$ 46,877,927

	Common stock		Retained earnings (deficit)	Noncontrolling interests	Total equity
	Shares	Amount			
Balance, December 31, 2021	14,742,754	\$ 48,452,906	\$ (5,638,600)	\$ (212,328)	\$ 42,601,978
Share-based compensation	162,155	159,901	—	—	159,901
Repurchase of common shares	(174,149)	(566,043)	—	—	(566,043)
Net income (loss)	—	—	(1,385,253)	(17,180)	(1,402,433)
Balance, March 31, 2022	14,730,760	\$ 48,046,764	\$ (7,023,853)	\$ (229,508)	\$ 40,793,403

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) ORGANIZATION AND BASIS OF PRESENTATION

Cumberland Pharmaceuticals Inc. ("Cumberland," the "Company," or as used in the context of "we," "us," or "our") is a specialty pharmaceutical company focused on the acquisition, development and commercialization of branded prescription pharmaceutical products. The Company's primary target markets are hospital acute care, oncology, gastroenterology and rheumatology. These medical specialties are characterized by relatively concentrated prescriber bases that the Company believes can be served effectively by small, targeted sales forces. Cumberland is dedicated to providing innovative products that improve quality of care for patients and address unmet or poorly met medical needs. The Company promotes its approved products through its hospital, oncology and field sales forces in the United States. We are continuing to build a network of international partners to register and provide our medicines to patients in their countries.

Cumberland focuses its resources on maximizing the commercial potential of its products, as well as developing new product candidates, and has both internal development and commercial capabilities. The Company's products are manufactured by third parties, which are overseen by Cumberland's quality control and manufacturing professionals. The Company works closely with its third-party distribution partners to make its products available in the United States.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of the Company have been prepared on a basis consistent with the December 31, 2021, audited consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly present the information set forth herein. All significant intercompany accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission (the "SEC"), and certain information and disclosures have been condensed or omitted as permitted by the SEC for interim period presentation. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Annual Report on Form 10-K"). The results of operations for the three months ended March 31, 2022, are not necessarily indicative of the results to be expected for the entire fiscal year or any future period.

Discontinued Operations

As discussed further in Note 9, during May 2019, Cumberland entered into a Dissolution Agreement ("Dissolution Agreement") with Clinigen Healthcare Limited ("Clinigen") in which the Company returned the exclusive rights to commercialize Ethyol[®] and Totect[®] in the United States to Clinigen. Under the terms of the Dissolution Agreement, Cumberland is no longer involved directly or indirectly with the distribution, marketing and promotion of either Ethyol or Totect or any competing products following December 31, 2019. The Company's exit from Ethyol and Totect meets the accounting criteria to be reported as discontinued operations and the discontinued operating results have been presented in the financial statements and footnotes to reflect the discontinued status of Ethyol and Totect. Refer to Note 9, for additional information.

COVID-19 Pandemic

In March 2020, the U.S. declared a health care emergency following the outbreak of the SARS-CoV-2, a novel strain of coronavirus that causes COVID-19, a respiratory illness.

Cumberland has remained open for business, as the Company is considered to be essential by the United States Department of Homeland Security. The Company has implemented measures to address the impact of the novel coronavirus on the business and taken appropriate action to protect its employees, secure the supply chain, and support the patients who can benefit from its medicines. All of the Company's employees have been given the opportunity to work remotely, and those that wish to work from Cumberland's office and laboratories are encouraged to practice the behaviors outlined by the Centers for Disease Control.

Throughout the pandemic, Cumberland has faced the same challenges affecting other companies that rely on hospital admissions and patient visits to drive revenue. Our clinical studies were impacted as fewer patients sought elective surgeries and our access to medical facilities was substantially limited. During 2020, 2021 and the three months ended March 31, 2022, we carefully monitored our supply chain, including the flow of raw materials into the plants that manufacture our products as well as the batches of finished product emerging from those facilities. Several of our brands were negatively impacted by the lockdowns and postponement of physician office visits and elective procedures. However, we are fortunate to have a diversified product portfolio, with other brands delivering a strong performance during the pandemic.

Cumberland relies on third-party organizations around the world to supply components, manufacture and distribute its products. The Company is aware that it may experience revenue loss, supply interruptions, time delays and incur unplanned expenses as a result of the impact of the ongoing COVID-19 pandemic. The Company continues to monitor the COVID-19 pandemic situation both in the U.S. and internationally in order to maintain its employees' safety and well-being, while also keeping its business operating. Given the uncertainty, magnitude and impact of such changes, the Company is unable to quantify the impact on the future results as of the date of this filing.

Recent Accounting Guidance

Recent Accounting Pronouncements - Not Yet Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, "Financial Instruments-Credit Losses," which changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, companies will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, companies will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than as reductions in the amortized cost of the securities. Companies will have to disclose additional information, including information they use to track credit quality by year of origination for most financing receivables. Companies will apply the ASU's provisions as a cumulative-effect adjustment, if any, to retained earnings as of the beginning of the first reporting period in which the guidance is adopted.

Related to ASU No. 2016-13 discussed above, in May 2019, the FASB issued ASU 2019-05, "Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief" which provides transition relief for ASU 2016-13 by providing entities with an alternative to irrevocably elect the fair value option for eligible financial assets measured at amortized cost upon adoption of the new credit losses standard. Certain eligibility requirements must be met and the election must be applied on an instrument-by-instrument basis. The election is not available for either available-for-sale or held-to-maturity debt securities. The Company will adopt both ASU 2016-13 and ASU 2019-05 on January 1, 2023. The adoption of ASU 2016-13 and ASU 2019-05 are not expected to have a material impact on the Company's consolidated financial statements.

Accounting Policies:

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates under different assumptions and conditions. The Company's most significant estimates include: (1) its allowances for chargebacks and accruals for rebates and product returns, (2) the allowances for obsolescent or unmarketable inventory and (3) valuation of contingent consideration liabilities associated with business combinations.

Operating Segments

The Company has one operating segment which is specialty pharmaceutical products. Management has chosen to organize the Company based on the type of products sold. Operating segments are identified as components of an enterprise about which separate discrete financial information is evaluated by the chief operating decision maker, or decision-making group, in making decisions regarding resource allocation and assessing performance. The Company, which uses consolidated financial information in determining how to allocate resources and assess performance, has concluded that our specialty pharmaceutical products compete in similar economic markets and similar circumstances. Substantially all of the Company's assets are located in the United States and total revenues are primarily attributable to U.S. customers.

(2) EARNINGS (LOSS) PER SHARE

The following table reconciles the numerator and denominator used to calculate diluted earnings (loss) per share for the three months ended March 31, 2022 and 2021:

	Three months ended March 31,	
	2022	2021
Numerator:		
Net income (loss) from continuing operations	\$ (1,402,433)	\$ (350,749)
Discontinued operations	—	495,410
Net income (loss)	(1,402,433)	144,661
Net income (loss) at subsidiary attributable to noncontrolling interest	17,180	22,167
Net income (loss) attributable to common shareholders	\$ (1,385,253)	\$ 166,828
Denominator:		
Weighted-average shares outstanding – basic	14,691,623	14,974,663
Dilutive effect of other securities	—	269,483
Weighted-average shares outstanding – diluted	14,691,623	15,244,146

As of March 31, 2022 and 2021, restricted stock awards and options to purchase 131,225 and 215,600 shares of common stock, respectively, were outstanding but were not included in the computation of diluted earnings per share because the effect would be antidilutive.

(3) REVENUES

Product Revenues

The Company accounts for revenues from contracts with customers under ASC 606, which became effective January 1, 2018.

The Company's net revenues consisted of the following for the three months ended March 31, 2022 and 2021:

	Three months ended March 31,	
	2022	2021
Products:		
Kristalose	\$ 3,945,097	\$ 2,994,378
Sancuso	3,397,209	—
Vibativ	2,501,434	5,052,243
Caldolor	959,634	1,539,496
Vaprisol	(117,000)	1,134,264
Acetadote	111,090	117,191
Omeclamox-Pak	22,737	(450,263)
RediTrex	59,226	(32,252)
Other revenue	295,618	182,102
Total net revenues	<u>\$ 11,175,045</u>	<u>\$ 10,537,159</u>

The Omeclamox-Pak revenue for the first quarter of 2022 and 2021 was the result of Cumberland currently being out of commercial inventory of this product. The packager for our Omeclamox-Pak product encountered financial difficulties due to the impact of COVID-19. They are under new management and are in the process of a reorganization. Discussions with the packager are ongoing. In the first quarter of 2022, the amounts noted were normal adjustments by channel partners. Net revenue was impacted by product return adjustments.

With regard to Vaprisol, we are in the process of transitioning to a new manufacturer and expect FDA approval later this year.

Other Revenues

The Company has agreements with international partners for commercialization of the Company's products with associated payments included in other revenues. Those agreements provide that each of the partners are responsible for seeking regulatory approvals for the product, and following approval, each partner will be responsible for the ongoing distribution and sales in the respective international territories. The Company provides a dossier for product registration and maintains responsibility for the relevant intellectual property. Cumberland is typically entitled to receive a non-refundable, up-front payment at the time each agreement is executed as consideration for the product dossier and for the rights to the distinct intellectual property rights in the respective international territory. These agreements also typically provide for additional payments upon a partner's achievement of a defined regulatory approval and sales milestones. The Company may also be entitled to receive royalties on future sales of the products and a transfer price on supplies. The contractual payments associated with the partner's achievement of regulatory approvals, sales milestones and royalties on future sales are recognized as revenue upon occurrence, or at such time that the Company has a high degree of confidence that the revenue would not be reversed in a subsequent period.

Other revenues also include funding from federal grant programs including those secured by CET through the Small Business Administration as well as lease income generated by CET's Life Sciences Center. The Life Sciences Center is a research center that provides scientists with access to flexible lab space and other resources to develop biomedical products. Grant revenue from these programs totaled approximately \$0.04 million and \$0.1 million for the three months ended March 31, 2022 and 2021, respectively.

(4) INVENTORIES

The Company works closely with third parties to manufacture and package finished goods for sale. Based on the arrangements with the manufacturer or packager, the Company will either take title to the finished goods at the time of shipment or at the time of arrival at the Company's warehouses. The Company then holds such goods in inventory until distribution and sale. These finished goods inventories are stated at the lower of cost or net realizable value with cost determined using the first-in, first-out method.

The Company continually evaluates inventory for potential losses due to excess, obsolete or slow-moving goods by comparing sales history and projections to the inventory on hand. When evidence indicates that the carrying value may not be recoverable, a charge is taken to reduce the inventory to its current net realizable value. At March 31, 2022 and December 31, 2021, the Company had recognized and maintained cumulative net realizable value charges for potential obsolescence and discontinuance losses of approximately \$0.6 million and \$1.4 million, respectively.

The Company is responsible for the purchase of the active pharmaceutical ingredient ("API") for Kristalose and maintains the inventory at third-party packagers. As that API is consumed in production, the value of the API is transferred from raw materials to finished goods. API for the Company's Vaprisol brand is also included in the raw materials inventory at March 31, 2022 and December 31, 2021. Consigned inventory represents Authorized Generic inventory stored with our partner until shipment.

As part of the Vibativ acquisition, Cumberland acquired API and work in process inventories of \$15.6 million that were all initially classified as non-current inventories at the date of acquisition. For the Sancuso acquisition, Cumberland acquired \$3.0 million of work in progress non-current inventory. At March 31, 2022 and December 31, 2021, total non-current inventory, including Vibativ, Sancuso and our clinical trial drug ifetroban, was \$10.6 million and \$9.0 million, respectively. The Company had \$0.2 million and \$0.5 million of Vibativ finished goods included in non-current inventory at March 31, 2022 and December 31, 2021, respectively. The Company also has obtained \$0.2 million and \$0.4 million of finished goods in non-current inventory for API related to its ifetroban clinical initiatives at March 31, 2022 and December 31, 2021, respectively.

At March 31, 2022 and December 31, 2021 the Company's net inventories consisted of the following:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Raw materials and work in process	\$ 15,004,954	\$ 12,374,983
Consigned inventory	129,049	164,378
Finished goods	5,338,469	4,939,088
Total inventories	20,472,472	17,478,449
less non-current inventories	(10,593,792)	(9,048,567)
Total inventories classified as current	<u>\$ 9,878,680</u>	<u>\$ 8,429,882</u>

(5) LEASES

Cumberland's significant operating leases include the lease of approximately 25,500 square feet of office space in Nashville, Tennessee for its corporate headquarters. This lease currently expires in October 2022. The Company's operating leases also include the lease of approximately 14,200 square feet of wet laboratory and office space in Nashville, Tennessee by CET, our majority-owned subsidiary, where it operates the CET Life Sciences Center. This lease currently expires in April 2023.

Operating lease liabilities are recorded as the present value of remaining lease payments not yet paid for the lease term discounted using the incremental borrowing rate associated with each lease. Operating lease right-of-use assets represent operating lease liabilities adjusted for lease incentives and initial direct costs. As Cumberland's leases do not contain implicit borrowing rates, the incremental borrowing rates were calculated based on information available at January 1, 2019. Incremental borrowing rates reflect the Company's estimated interest rates for collateralized borrowings over similar lease terms. The weighted-average incremental borrowing rate used to discount the present value of the remaining lease payments is 7.42%. The weighted-average remaining lease term at March 31, 2022 is 0.8 years.

On November 15, 2021, Cumberland entered into a lease, pursuant to which the Company will lease approximately 16,631 rentable square feet of space (the "Leased Premise") at the new development Broadwest located in Nashville, Tennessee with 1600 West End Avenue Partners, LLC. The Leased Premise will serve as the Company's new corporate headquarters. The initial term of the Lease is one hundred fifty-seven (157) months, with two consecutive options to renew for a period of five years each, and will commence on the earlier of November 1, 2022, the date on which Cumberland takes occupancy of the Leased Premise, or the date which Cumberland receives a temporary or permanent certificate of occupancy for the Leased Premise.

Lease Position

At March 31, 2022 and December 31, 2021, the Company's lease assets and liabilities were as follows:

Right-of-Use Assets	March 31, 2022	December 31, 2021
Operating lease right-of-use assets	\$ 761,177	\$ 1,024,200
Lease Liabilities	March 31, 2022	December 31, 2021
Operating lease current liabilities	\$ 766,488	\$ 969,677
Operating lease noncurrent liabilities	22,712	90,016
Total	\$ 789,200	\$ 1,059,693

Excluding the Broadwest agreement, cumulative future minimum sublease income under non-cancelable operating subleases totals approximately \$0.1 million and will be paid through the leases ending in October 2022 and April 2023. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) are as follows:

Maturity of Lease Liabilities at March 31, 2022	Operating Leases
2022	730,829
2023	92,477
Total lease payments	823,306
Less: Interest	34,106
Present value of lease liabilities	\$ 789,200

Rent expense is recognized over the expected term of the lease, including renewal option periods, if applicable, on a straight-line basis as a component of general and administrative expense. Rent expense and sublease income were as follows:

	Three months ended March 31,	
	2022	2021
Rent expense	\$ 285,963	\$ 227,395
Sublease income	\$ 161,804	\$ 178,029

(6) SHAREHOLDERS' EQUITY AND DEBT

Share repurchases

Cumberland currently has a share repurchase program to repurchase up to \$10 million of its common stock pursuant to Rule 10b-18 of the Securities Exchange Act of 1934. In January 2019, the Company's Board of Directors established the current \$10 million repurchase program to replace the prior authorizations. During the three months ended March 31, 2022 and March 31, 2021, the Company repurchased 174,149 shares and 91,724 shares of common stock for approximately \$0.6 million and \$0.3 million, respectively. At March 31, 2022, approximately \$4.2 million of common shares was left to repurchase under this program.

Share purchases and sales

During the Company's March 2022 trading window, several members of Cumberland's Board of Directors entered into share purchase agreements of the Company's stock pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934. These purchases are designed to increase ownership in the Company by the members of the Board. These purchases began in April 2022.

Share Sales

In November 2017, Cumberland filed a Shelf Registration on Form S-3 with the SEC associated with the sale of up to \$100 million in corporate securities. The Shelf Registration was declared effective in January 2018. It also included an At the Market ("ATM") feature that allowed the Company to sell common shares at market prices, along with an agreement with B. Riley FBR Inc. to support such a placement of shares. The Company filed an updated Form S-3 with the SEC in December 2020, which was declared effective in January 2021. On December 27, 2021, the Company filed a related prospectus supplement in connection with the sale and issuance of shares having an aggregate gross sales price of up to \$19 million. The Company intends to continue an ATM feature through B. Riley FBR, Inc. that would allow the Company to issue shares of its common stock. The Company did not issue any shares under an ATM during the three months ended March 31, 2022 or March 31, 2021.

Restricted Share Grants and Incentive Stock Options

During the three months ended March 31, 2022 and March 31, 2021, the Company issued 65,225 shares and 35,850 shares of restricted stock to employees and directors, respectively. Restricted stock issued to employees generally cliff-vests on the fourth anniversary of the date of grant and for directors on the one-year anniversary of the date of grant. During the three months ended March 31, 2022 and 2021, the Company also issued 166,350 and 172,350 incentive stock options, respectively, to employees that cliff-vest on the fourth anniversary of the date of grant, that are set to expire in March 2032 and 2031. Stock compensation expense is presented as a component of general and administrative expense in the condensed consolidated statements of operations.

Debt Agreement

On March 31, 2022, the Company and Pinnacle Bank entered into a Seventh Amendment to the Revolving Credit Loan Agreement (the "Pinnacle Agreement") to revise and update the Maximum Funded Debt Ratio financial covenant and to delete from the Pinnacle Agreement the Funded Debt to Tangible Capital Ratio financial covenant. These changes were made to more appropriately reflect the impact from the Sancuso acquisition.

On December 31, 2021, the Company and Pinnacle Bank entered into the Fifth Amendment to the Revolving Credit Note and the Sixth Amendment to the Revolving Credit Loan Agreement in order to increase the principal amount of the Note from \$15 million to \$20 million.

On October 28, 2021, the Company and Pinnacle Bank entered into a Fourth Amendment to the Revolving Credit Note and Fifth Amendment ("Fifth Amendment") to the Revolving Credit Loan Agreement to renew the Revolving Credit Loan.

The original Pinnacle Agreement was dated July 2017. Beginning on August 14, 2018, and continuing until October 7, 2020, the Company and Pinnacle Bank entered into a series of amendments to extend and update the Revolving Credit Note and Revolving Credit Agreement. The Fifth Amendment extends the maturity date three years through October 1, 2024.

The interest rate on the Pinnacle Agreement is based on LIBOR plus an interest rate spread. The current pricing under the Pinnacle Agreement provides for an interest rate spread of 1.75% to 2.75% above LIBOR with a minimum LIBOR of 0.90%. The applicable interest rate under the Pinnacle Agreement was 3.65% at March 31, 2022. In addition, a fee of 0.25% per year is charged on the unused line of credit. Interest and the unused line fee are payable quarterly. The parties have agreed on a process to determine a new interest rate benchmark at the point the LIBOR rate is expected to be discontinued over the next 12 to 24 months.

As of March 31, 2022 and December 31, 2021, the Company had \$20.0 million and \$15.0 million, respectively, in borrowings outstanding under its revolving credit facility. The Company was in compliance with the Maximum Funded Debt Ratio financial covenant as of March 31, 2022.

Borrowings under the line of credit are collateralized by substantially all of our assets.

Joint Venture Agreement

In August 2020, Cumberland entered into an agreement with WinHealth Investment (Singapore) Ltd creating *WHC Biopharmaceuticals, Pte. Ltd.* The joint venture, as a limited liability company, will focus on acquiring, developing, registering, and commercializing development stage and commercial stage biopharmaceuticals for China, Hong Kong and other Asian markets. The agreement provides for initial investment from WinHealth in the form of a \$0.2 million equity contribution and an initial investment from Cumberland in the form of a \$0.2 million convertible note, which was funded during the first quarter of 2021. The joint venture will seek additional future capital from additional investors and has entered into exclusive option agreements to license product candidates from both Cumberland Pharmaceuticals Inc. and Cumberland Emerging Technologies Inc.

(7) INCOME TAXES

As of March 31, 2022, the Company has approximately \$56.6 million in federal net operating loss carryforwards including approximately \$44.1 million of net operating loss carryforwards resulting from the exercise of nonqualified stock options. These have historically been used to significantly offset income tax obligations. The Company expects it will continue to pay minimal income taxes during 2022 and beyond, through the continued utilization of these net operating loss carryforwards, on any taxable income generated from our operations. The Company does not allocate any portion of its income tax expense (benefit) to discontinued operations.

(8) COLLABORATIVE AGREEMENTS

Cumberland is a party to several collaborative arrangements with research institutions to identify and pursue promising pharmaceutical product candidates. The funding for these programs is primarily provided through Federal Small Business Administration (SBIR/STTR) and other grant awards. The Company has determined that these collaborative agreements, with the exception of the collaborative payment received related to RediTrex, do not meet the criteria for accounting under ASC Topic 808, *Collaborative Agreements*. The agreements do not specifically designate each party's rights and obligations to each other under the collaborative arrangements. Except for patent defense costs, expenses incurred by one party are not required to be reimbursed by the other party. Expenses incurred under these collaborative agreements are included in research and development expenses and funding received from grants are recorded as net revenues in the condensed consolidated statements of operations.

(9) ADDITIONS AND RETURN OF PRODUCT RIGHTS

Vibativ

During November 2018, the Company closed on an agreement with Theravance Biopharma ("Theravance") to acquire the global responsibility for Vibativ including the marketing, distribution, manufacturing and regulatory activities associated with the brand. Vibativ is a patented, Food and Drug Administration ("FDA") approved injectable anti-infective for the treatment of certain serious bacterial infections including hospital-acquired and ventilator-associated bacterial pneumonia and complicated skin and skin structure infections. It addresses a range of Gram-positive bacterial pathogens, including those that are considered difficult-to-treat and multidrug-resistant.

Cumberland has accounted for the transaction as a business combination in accordance with ASC 805 and the product sales are included in the results of operations subsequent to the acquisition date. The Company made an upfront payment of \$20.0 million at the closing of the transaction and a \$5.0 million milestone payment in early April 2019. In addition, Cumberland has agreed to pay a royalty of up to 20% of on-going net sales of the product after the \$2.5 million threshold is met. The future royalty payments were required to be recognized at their acquisition-date fair value as a contingent consideration liability, as part of the contingent consideration transferred in the business combination. Cumberland prepared the valuations of the contingent consideration liability utilizing significant unobservable inputs. As a result, the valuation is classified as Level 3 fair value measurement.

The following table presents the changes in the fair value of the contingent consideration liability that is remeasured on a recurring basis. The contingent consideration earned and accrued in operating expenses is paid to Theravance quarterly.

Balance at December 31, 2021	\$	6,515,627
Cash payment of royalty during the period		(501,505)
Change in fair value of contingent consideration included in operating expenses		370,464
Contingent consideration earned and accrued in operating expenses		—
Balance at March 31, 2022	\$	<u>6,384,586</u>

The contingent consideration liability of \$6.4 million was accounted for as \$2.3 million of other current liabilities and \$4.1 million of other long-term liabilities on the condensed consolidated balance sheet as of March 31, 2022.

RediTrex

In November 2016, the Company announced an agreement with the Nordic Group B.V. ("Nordic") to acquire the exclusive U.S. rights to Nordic's injectable methotrexate product line designed for the treatment of active rheumatoid arthritis, juvenile idiopathic arthritis, severe psoriatic arthritis, and severe disabling psoriasis.

As consideration for the license Cumberland paid a deposit of \$100,000 at closing. The Company provided \$0.9 million in consideration through a grant of 180,000 restricted shares of Cumberland common stock to be vested upon the FDA approval of the first Nordic product. Cumberland also agreed to provide Nordic a series of payments tied to the products' FDA approval, launch and achievement of certain sales milestones. Under the terms of the agreement, Cumberland is responsible for the product registration and commercialization in the U.S. Nordic is responsible for product manufacturing and supply.

On November 27, 2019, Cumberland received FDA approval for the first Nordic injectable product and authorization to market them under the RediTrex brand name. The 180,000 shares of restricted Cumberland common stock previously provided to Nordic vested upon approval and were valued at \$0.9 million on the vesting date. The FDA approval also resulted in a \$1.0 million milestone payment due to Nordic. During December 2020, Cumberland introduced RediTrex and the launch that took place in late 2021 will result in a \$1.0 million milestone payment due to Nordic. This milestone payment is payable during 2022 and is included as a current liability at March 31, 2022.

Cumberland has approximately \$2.6 million in net intangible assets related to RediTrex at March 31, 2022.

Sancuso Acquisition

On January 3, 2022, Cumberland acquired the FDA-approved oncology-supportive care medicine Sancuso from Kyowa Kirin, Inc., the U.S. affiliate of Japan-based Kyowa Kirin Co., Ltd.

Sancuso is the first and only FDA-approved prescription patch for the prevention of nausea and vomiting in patients receiving certain types of chemotherapy treatment. The active drug in Sancuso, granisetron, slowly dissolves in the thin layer of adhesive that sticks to the patient's skin and is released into their bloodstream over several days, working continuously to prevent chemotherapy-induced nausea and vomiting ("CINV"). It is applied 24 to 48 hours before receiving chemotherapy and can prevent CINV for up to five consecutive days. Alternative oral treatments must be taken several times (day and night) to deliver the same therapeutic doses.

Cumberland acquired U.S. rights to Sancuso and assumed full commercial responsibility for the product – including its marketing, promotion, distribution, manufacturing and medical support activities.

Cumberland has accounted for the transaction as a business combination in accordance with ASC 805 and the product sales are included in the results of operations subsequent to the acquisition date. The Company made an upfront payment of \$13.5 million at the closing of the transaction. The Agreement calls for milestone payments of up to \$3.5 million based on the attainment of various approvals and sales performance. The Company believes that \$1.5 million of the milestone payments will be earned and paid.

In addition, Cumberland has agreed to pay a royalty of up to 10% of on-going net sales of the product. The future royalty payments were required to be recognized at their acquisition-date fair value as a contingent consideration liability, as part of the contingent consideration transferred in the business combination. Cumberland has prepared a preliminary valuation of the contingent consideration liability utilizing significant unobservable inputs. As a result, the valuation is classified as Level 3 fair value measurement.

The acquisition was funded by cash and the Company's revolving credit facility. The Company is working with an outside consultant firm to finalize the Sancuso valuation of the transaction which will be completed later this year. The estimates of fair value for the more significant assets and liabilities assumed were prepaid expenses \$0.3 million, inventory \$5.2 million, goodwill \$1.0 million, intangible assets \$12.1 million, milestone payable \$1.2 million and contingent liability \$3.9 million.

The contingent consideration liability earned and accrued in operating expenses is paid to Kyowa Kirin quarterly. The contingent consideration liability of \$3.9 million was accounted for as \$1.3 million of current liabilities and \$2.6 million of other long-term liabilities on the condensed consolidated balance sheet as of March 31, 2022.

Ethyol and Totect

In 2016, Cumberland entered into an agreement with Clinigen for the rights and responsibilities associated with the commercialization of Ethyol in the United States. In 2017, the Company entered into another agreement with Clinigen for the rights and responsibilities associated with the commercialization of Totect in the United States.

Early in 2019, Cumberland announced a strategic review of the Company's brands, capabilities, and international partners. This review followed an accelerated business development initiative, which resulted in a series of transactions. During May 2019, Cumberland entered into the Dissolution Agreement with Clinigen in which the Company returned the exclusive rights to commercialize Ethyol and Totect in the United States to Clinigen. Under the final terms of the Dissolution Agreement, Cumberland was no longer responsible for the distribution, marketing and promotion of either Ethyol or Totect or any competing products after December 31, 2019. In exchange for the return of these product license rights and the non-compete provisions of the Dissolution Agreement, Cumberland received \$5 million in financial consideration paid in quarterly installments over the two-years following the transition date. Cumberland recorded the first four quarterly installments totaling \$3.0 million during 2020 and the final four installments totaling \$2.0 million during 2021, as discontinued operations.

The exit from Ethyol and Totect met the accounting criteria to be reported as discontinued operations. December 31, 2019, as the transition date, was the final day Cumberland was responsible for the products. Cumberland was responsible for the products through December 31, 2019 and beginning on January 1, 2020, the products' rights transitioned back to Clinigen. As a result, January 1, 2020, was the first day of discontinued operations for the Ethyol and Totect products.

The dissolution payments from Clinigen are reflected as revenue from discontinued operations. The Company did not incur expenses associated with these payments from Clinigen.

	Three months ended March 31,	
	2022	2021
Revenues	\$ —	\$ 495,410
Income from discontinued operations	\$ —	\$ 495,410

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

Disclosure regarding forward-looking statements

The following discussion contains certain forward-looking statements which reflect management’s current views of future events and operations. These statements involve certain risks and uncertainties, and actual results may differ materially from them. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ significantly from the results discussed in these forward-looking statements. Some important factors which may cause results to differ from expectations include: availability of additional debt and equity capital; market conditions at the time additional capital is required; our ability to continue to acquire branded products; product sales; management of our growth and integration of our acquisitions and impacts on our business as well as national and international markets and economies resulting from the COVID-19 pandemic. While forward-looking statements reflect our beliefs and best judgment based upon current information, they are not guarantees of future performance. Other important factors that may cause actual results to differ materially from forward-looking statements are discussed in the sections entitled “Risk Factors” and “Special Note Regarding Forward-Looking Statements” of our Annual Report on Form 10-K for the year ended December 31, 2021, and our other filings with the SEC. We do not undertake to publicly update or revise any of our forward-looking statements, even in the event that experience or future changes indicate that the anticipated results will not be realized. The following presentation of management’s discussion and analysis of financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in this report on Form 10-Q.

OVERVIEW

Our Business

Cumberland Pharmaceuticals Inc. (“Cumberland,” the “Company,” or as used in the context of “we,” “us,” or “our”), is a specialty pharmaceutical company focused on the acquisition, development and commercialization of branded prescription pharmaceutical products. We are dedicated to providing innovative products that improve the quality of care for patients and address poorly met medical needs.

Our primary target sectors are hospital acute care, oncology, gastroenterology and rheumatology. These medical specialties are characterized by relatively concentrated prescriber bases that we believe can be served effectively by small, targeted sales forces. We promote our approved products through our hospital, oncology and field sales forces in the United States. We have also established partnerships in Puerto Rico and the Middle East for our Vibativ[®] product and are continuing to build a network of international partners to register and provide our medicines to patients in their countries.

Our portfolio of FDA approved brands includes:

- **Acetadote[®]** (*acetylcysteine*) injection, for the treatment of acetaminophen poisoning;
- **Caldolor[®]** (*ibuprofen*) injection, for the treatment of pain and fever;
- **Kristalose[®]** (*lactulose*) oral, a prescription laxative, for the treatment of constipation;
- **Omeclamox[®]-Pak**, (*omeprazole, clarithromycin, amoxicillin*) oral, for the treatment of *Helicobacter pylori* (*H. pylori*) infection and related duodenal ulcer disease;
- **RediTrex[®]** (*methotrexate*) injection, for the treatment of active rheumatoid, juvenile idiopathic and severe psoriatic arthritis, as well as disabling psoriasis;
- **Sancuso[®]** (*granisetron*) transdermal, for the prevention of nausea and vomiting in patients receiving certain types of chemotherapy treatment;
- **Vaprisol[®]** (*conivaptan*) injection, to raise serum sodium levels in hospitalized patients with euvolemic and hypervolemic hyponatremia; and
- **Vibativ[®]** (*telavancin*) injection, for the treatment of certain serious bacterial infections including hospital-acquired and ventilator-associated bacterial pneumonia, as well as complicated skin and skin structure infections.

In addition to these commercial brands, we have Phase II clinical programs underway evaluating our ifetroban product candidates for patients with cardiomyopathy associated with 1) Duchenne Muscular Dystrophy (“DMD”), a fatal, genetic neuromuscular disease; 2) Systemic Sclerosis (“SSc”) or scleroderma, a debilitating autoimmune disorder characterized by fibrosis of the skin and internal organs; and 3) Aspirin-Exacerbated Respiratory Disease (“AERD”), a severe form of asthma.

Cumberland has built core competencies in the acquisition, development and commercialization of pharmaceutical products in the U.S. - and we believe we can leverage this existing infrastructure to support our continued growth both domestically and internationally. Our management team consists of pharmaceutical industry veterans with experience in business development, product development, regulatory, manufacturing, sales, marketing and finance.

Our business development team identifies, evaluates, and negotiates product acquisition, licensing and co-promotion agreements. Our product development team creates proprietary formulations, manages our clinical studies, prepares our FDA submissions and staffs our medical call center. Our quality and manufacturing professionals oversee the manufacturing, release and shipment of our products. Our marketing and sales organization is responsible for our commercial activities, and we work closely with our distribution partners to ensure the availability and delivery of our products.

GROWTH STRATEGY

Cumberland's growth strategy involves maximizing the success of our existing brands while continuing to build a portfolio of differentiated products. We currently feature eight FDA products approved for sale in the United States. We are also continuing to explore international partnerships to bring our medicines to patients in other countries. Additionally, we look for opportunities to expand our products into additional patient populations through clinical trials, new presentations and our support of select, investigator-initiated studies. We actively pursue opportunities to acquire additional marketed products, as well as late-stage development product candidates in our target medical specialties. Our clinical team is developing a pipeline of new product candidates largely to address poorly met medical needs.

We are supplementing these activities with the earlier-stage drug development at Cumberland Emerging Technologies ("CET"), our majority-owned subsidiary. CET partners with academic research institutions to identify and support the progress of promising new product candidates, which Cumberland could further develop and commercialize.

Specifically, we are seeking long-term sustainable growth by:

- **Supporting and expanding the use of our marketed products.** We continue to evaluate our products following their FDA approval to determine if additional clinical data could expand their market and use. For example, we have secured pediatric approval of Acetadote and Caldolor and are expanding the labeling for both brands accordingly. We also recently further expanded the labeling for Caldolor to allow its use prior to surgery. We will continue to explore such opportunities to bring our products to new patient populations.
- **Selectively adding complementary brands.** In addition to our product development activities, we are also seeking to acquire products or late-stage development product candidates to continue to build a portfolio of complementary brands. We focus on under-promoted, FDA-approved drugs as well as late-stage development products that address poorly met medical needs. We will continue to target product acquisition candidates that are competitively differentiated, have valuable intellectual property or other protective features, and allow us to leverage our existing infrastructure. Our acquisition of Vibativ and Sancuso are examples of this strategy.
- **Progressing our clinical pipeline and incubating future product opportunities at CET.** We believe it is important to build a pipeline of innovative new product opportunities, as we are doing through our ifetroban Phase II development programs. We are also supplementing our acquisitions and late-stage development activities with early-stage drug development activities with CET.
- **Leveraging our infrastructure through co-promotion partnerships.** We believe that our commercial infrastructure can help drive prescription volume and product sales. We look for strategic partners that can complement our capabilities and enhance opportunities for our brands. For example, our co-promotion partnerships have allowed us to expand the support for Kristalose and Sancuso across the U.S.
- **Building an international contribution to our business.** We have established our own commercial capabilities, including three sales divisions, to cover the U.S. market for our products. We are also building a network of select international partners to register our products and make them available to patients in their countries. We will continue to develop and expand our network of international partners while supporting our partners' registration and commercialization efforts in their respective territories. The acquisition of Vibativ resulted in several new international partners and market opportunities.
- **Managing our operations with financial discipline.** We continually work to manage our expenses in line with our revenues to deliver cash flow from operations. We remain in a strong financial position, with favorable gross margins and a strong balance sheet.

RECENT DEVELOPMENTS

COVID-19 Pandemic

In early 2020, the U.S. declared a health care emergency following the outbreak of SARS-CoV-2, a novel strain of coronavirus that causes COVID-19, a respiratory illness. Cumberland managed through the resulting pandemic, continuing to operate our business – keeping facilities open and our organization intact. We moved quickly to ensure the health and safety of our team. We also maintained our ongoing compliance with the many laws and regulations that apply to us as a publicly traded pharmaceutical company.

Throughout the pandemic, we faced the same challenges affecting other companies that rely on hospital admissions and patient visits to drive revenue. Our clinical studies were also impacted, as fewer patients sought elective surgeries and our access to medical facilities was substantially limited. We carefully monitored our supply chain, including the flow of raw materials and the batches of finished products emerging from the facilities that manufacture our products.

Several of our brands were negatively impacted by the lockdowns and postponement of physician office visits and elective procedures. However, we are fortunate to have a diversified product portfolio that includes brands that have delivered a strong performance during the pandemic.

Despite the challenges of operating during a pandemic, Cumberland has remained committed to our mission of providing innovative products that improve the quality of care for patients and address poorly met medical needs. We have continued to build our portfolio of innovative and differentiated products through a multifaceted strategy that includes the development of new candidates and acquisition of established brands. Our resulting, diversified product line has enabled us to weather external challenges, while our team has remained responsive to the evolving medical market. We are prepared for and look forward to future opportunities to carry out our mission. Overall, we have been able to continue the delivery of our products while addressing the interests of our shareholders, employees, partners and community.

Sancuso Acquisition

We started off the first quarter of 2022 with an exciting announcement – Cumberland acquired the FDA-approved oncology-supportive care medicine Sancuso from Kyowa Kirin, Inc., the U.S. affiliate of Japan-based Kyowa Kirin Co., Ltd.

Sancuso is the first and only FDA-approved prescription patch for the prevention of nausea and vomiting in patients receiving certain types of chemotherapy treatment. The active drug in Sancuso, granisetron, slowly dissolves in the thin layer of adhesive that sticks to the patient's skin and is released into their bloodstream over several days, working continuously to prevent chemotherapy-induced nausea and vomiting ("CINV"). It is applied 24 to 48 hours before receiving chemotherapy and can prevent CINV for up to five consecutive days. Alternative oral treatments must be taken several times (day and night) to deliver the same therapeutic doses.

Cumberland acquired U.S. rights to Sancuso and assumed full commercial responsibility for the product – including its marketing, promotion, distribution, manufacturing and medical support activities.

Sancuso Promotion

To support Sancuso, we have established an oncology sales division, which is initially comprised of two former Kyowa Kirin employees and their five contracted inside sales individuals.

Effective April 19, 2022, we also entered into an agreement with Verity Pharmaceuticals International Limited ("Verity") for the national co-promotion of Sancuso. Verity is a specialty pharmaceutical company that will utilize its established oncology commercial organization and customer network to co-promote Sancuso throughout the United States.

Verity will cover a majority of the U.S. market for an initial three-year term, with an option to extend for an additional two years. Verity and Cumberland will share in the incremental contribution margin resulting from Verity's efforts.

New Vibativ Agreements

1. In March 2022, we announced the launch of our Vibativ product in Puerto Rico. The announcement followed an August 2021 agreement with Verity to license and commercialize our Vibativ product in that territory. Verity has a particular strength and experience in the Puerto Rican market. Vibativ can serve as a potentially life-saving treatment in patients with hospital-acquired and ventilator-associated pneumonia resulting from infections, including the flu and COVID-19.
2. Also in March 2022, we announced that we have entered into an agreement with Tabuk Pharmaceutical Manufacturing Company (“Tabuk”), a fully owned subsidiary of Saudi Arabia’s publicly traded Astra Industrial Group. Under the terms of the agreement, Tabuk received an exclusive license to distribute Vibativ in Saudi Arabi and Jordan, with an option to expand into other countries in the region. Cumberland has recognized an upfront payment from Tabuk. In addition, the agreement calls for milestone payments as well as an agreed transfer price on supplies of the product for that territory.

Omeclamox-Pak Supply Update

The packager for our Omeclamox-Pak product has been unable to provide us with supplies of the product, having encountered difficulties and therefore suspending operations during the pandemic. We are currently awaiting the facility’s packaging to resume, while also exploring other alternatives to restart the product’s packaging, before we build new inventory and resupply the market.

Vaprisol Supply Update

We are transitioning to a new manufacturer for our Vaprisol product. During 2021, we shipped all remaining inventory of the product and notified the FDA that supplies of the product were then not currently available. We have transferred manufacturing to a new facility, and await the submission and FDA approval for that plant before resuming shipments. That company plans to provide an interim supply of compounded product to the market while awaiting the needed facility approval.

Ifetroban Clinical Studies

We have been evaluating our ifetroban product candidate, a selective thromboxane-prostanoid receptor (“TP α ”) antagonist, in a series of clinical studies. It has been dosed in nearly 1,400 subjects and was found to be safe and well tolerated in healthy volunteers and various patient populations.

Cumberland is currently sponsoring three Phase II clinical programs to evaluate ifetroban in 1) Aspirin-Exacerbated Respiratory Disease, a severe form of asthma; 2) Systemic Sclerosis or scleroderma, a debilitating autoimmune disorder characterized by diffuse fibrosis of the skin and internal organs; and 3) patients with cardiomyopathy associated with Duchenne Muscular Dystrophy, a genetic neuromuscular disease that results in deterioration of the skeletal, heart and lung muscles.

After being interrupted by the pandemic, enrollment in these studies has resumed as many of our clinical study sites have reopened and begun screening patients for potential participation. We are awaiting results from the studies underway before deciding on the best development path for the registration of ifetroban.

We are also designing a Phase II study to evaluate the use of ifetroban to treat patients with Progressive Fibrosing Interstitial Lung Diseases. We are preparing an application to the FDA to support the new program.

In addition to our company-sponsored studies, an NIH-funded, Harvard-clinical-investigator-led trial has closed enrollment of patients with Aspirin Exacerbated Respiratory Disease. This Phase II, placebo-controlled study, complements our programs and we will announce top-line results following a completion of the data analysis.

Summary

Cumberland remains committed to our mission of providing innovative products that improve the quality of care for patients and address poorly met medical needs. We are working to fulfill this mission by building a portfolio of innovative and differentiated products through a multifaceted strategy that includes the development of new candidates as well as the acquisition of established brands. Our resulting, diversified product line has enabled us to weather external challenges amid the pandemic, while our team remains responsive to the evolving medical market. We are prepared for and look forward to future opportunities to carry out our mission throughout the remainder of the year.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Please see a discussion of our critical accounting policies and significant judgments and estimates in Note 1 to the Company's Condensed Consolidated Financial Statements accompanying this report and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2021 Annual Report on Form 10-K.

Accounting Estimates and Judgments

The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. We base our estimates on past experience and on other factors we deem reasonable given the circumstances. Past results help form the basis of our judgments about the carrying value of assets and liabilities that cannot be determined from other sources. Actual results could differ from these estimates. These estimates, judgments and assumptions are most critical with respect to our accounting for revenue recognition, inventories, fair value of contingent consideration liabilities associated with business combinations, share-based compensation and intangible assets.

RESULTS OF OPERATIONS

Three months ended March 31, 2022 compared to the three months ended March 31, 2021

The following table presents the unaudited interim statements of operations for continuing operations for the three months ended March 31, 2022 and 2021:

	Three months ended March 31,		
	2022	2021	Change
Net revenues	\$ 11,175,045	\$ 10,537,159	\$ 637,886
Costs and expenses:			
Cost of products sold	2,211,885	2,417,329	(205,444)
Selling and marketing	4,614,429	3,787,340	827,089
Research and development	1,745,136	1,257,367	487,769
General and administrative	2,302,349	2,230,509	71,840
Amortization	1,593,245	1,168,914	424,331
Total costs and expenses	12,467,044	10,861,459	1,605,585
Operating income (loss)	(1,291,999)	(324,300)	(967,699)
Interest income	16,041	5,426	10,615
Interest expense	(119,575)	(24,417)	(95,158)
Income (loss) from continuing operations before income taxes	(1,395,533)	(343,291)	(1,052,242)
Income tax (expense) benefit	(6,900)	(7,458)	558
Net income (loss) from continuing operations	\$ (1,402,433)	\$ (350,749)	\$ (1,051,684)

The following table summarizes net revenues by product for the periods presented:

	Three months ended March 31,		
	2022	2021	Change
Products:			
Kristalose	\$ 3,945,097	\$ 2,994,378	\$ 950,719
Sancuso	3,397,209	—	3,397,209
Vibativ	2,501,434	5,052,243	(2,550,809)
Caldolor	959,634	1,539,496	(579,862)
Vaprisol	(117,000)	1,134,264	(1,251,264)
Acetadote	111,090	117,191	(6,101)
Omeclamox-Pak	22,737	(450,263)	473,000
RediTrex	59,226	(32,252)	91,478
Other revenue	295,618	182,102	113,516
Total net revenues	\$ 11,175,045	\$ 10,537,159	\$ 637,886

Net revenues. Net revenues for the three months ended March 31, 2022, were \$11.2 million compared to \$10.5 million for the three months ended March 31, 2021. As detailed in the table above, net revenue increased for two of our marketed products: Kristalose and RediTrex during the quarter, as well as the addition of Sancuso.

Kristalose revenue increased by 31.8% during the first quarter of 2022 to \$3.9 million, when compared to the prior year period. The increase was primarily the result of growth in shipments of the product to our wholesale customers.

Acetadote revenue includes net sales of our Acetadote brand and our share of net sales from our Authorized Generic. During the quarter, there was a slight decrease in the product's revenue when compared to the prior year period.

Vaprisol revenue was \$(0.1) million for the first quarter of 2022, a decrease of \$1.3 million compared to the same period last year. This decrease of net sales compared to the first quarter of 2021 is primarily due to a stock shortage as we await pending FDA approval on a new manufacturer.

Caldolor revenue was \$1.0 million for the first quarter of 2022, a decrease of \$0.6 million compared to the same period last year. The decrease was the result of lower international shipments of the product, due to order timing.

Vibativ revenue was \$2.5 million for the three months ended March 31, 2022, compared to \$5.1 million for the same period last year. The decrease was a result of increased purchases in 2021 due in part to a new packaging change.

Sancuso revenue was \$3.4 million for the first quarter of 2022, which was \$0.3 million higher than the first quarter of 2021 U.S. results reported by Kyowa Kirin, from whom Cumberland acquired the U.S. rights to Sancuso on January 3, 2022.

Omeclamox-Pak had no sales for the first quarter of 2022, as Cumberland is currently out of commercial inventory of this product. The packager for our Omeclamox-Pak product encountered financial difficulties, and currently is under new management and a reorganization. We are in discussions about the resumption of packaging the product. Net revenue for the first quarter of 2022 was positively impacted by various revenue adjustments.

Cost of products sold. Cost of products sold for the first quarter of 2022 and 2021 were \$2.2 million and \$2.4 million, respectively. Cost of products sold, as a percentage of net revenues, were 19.8% during the three months ended March 31, 2022, compared to 22.9% during the three months ended March 31, 2021. This change in costs of products sold as a percentage of revenue was attributable to a change in the product sales mix.

Selling and marketing. Selling and marketing expense for the first quarter of 2022 increased \$0.8 million compared to the prior year period. This increase is primarily attributable to an increase in marketing spending for Sancuso as well as royalty costs, direct promotional spending, meeting costs and travel expenses for all of our existing brands including our new oncology sales force.

Research and development. Research and development costs for the first quarter of 2022 and 2021 were \$1.7 million and \$1.3 million, respectively. A portion of our research and development costs is variable based on the number of trials, study sites, number of patients and the cost per patient in each of our clinical programs. We continue to fund our ongoing clinical initiatives associated with our pipeline products.

General and administrative. General and administrative expense for the first quarter of 2022 was \$2.3 million, which was \$0.1 million higher than the first quarter of 2021. The increase was primarily attributable to increases in compensation expense.

The components of the statements of operations discussed above reflect the following impacts from Vibativ:

Financial Impact of Vibativ	Three months ended March 31,	
	2022	2021
Net revenue ⁽¹⁾	\$ 2,651,434	\$ 5,052,243
Cost of products sold ⁽²⁾	927,160	1,456,816
Royalty and operating expenses	681,317	402,352
Vibativ contribution	\$ 1,042,957	\$ 3,193,075

⁽¹⁾ 2022 net revenue includes a \$150,000 payment to Cumberland required under the terms of a new licensee agreement.

⁽²⁾ The Vibativ inventory included in the costs of product sold during the period was acquired and paid for by Cumberland as part of the acquisition of the brand during 2018.

Financial Impact of Vibativ	Since Acquisition
Net revenue ⁽¹⁾	\$ 38,772,457
Cost of products sold ⁽²⁾	13,116,416
Royalty and operating expenses	7,135,362
Vibativ contribution	\$ 18,520,679

⁽¹⁾ 2022 net revenue includes a \$150,000 payment to Cumberland required under the terms of a new licensee agreement.

⁽²⁾ The Vibativ inventory included in the costs of product sold during the period was acquired and paid for by Cumberland as part of the acquisition of the brand during 2018.

The components of the statements of operations discussed above reflect the following impacts from Sancuso:

Financial Impact of Sancuso	Three months ended March 31,	
	2022	2021
Net revenue	\$ 3,397,209	\$ —
Cost of products sold ⁽¹⁾	388,264	—
Royalty and operating expenses	910,100	—
Sancuso contribution	\$ 2,098,845	\$ —

⁽¹⁾ The Sancuso inventory included in the costs of product sold during the period was acquired and paid for by Cumberland as part of the acquisition of the brand during 2022.

Amortization. Amortization expense is the ratable use of our capitalized intangible assets including product and license rights, patents, trademarks and patent defense costs. Amortization for the three months ended March 31, 2022, and three months ended March 31, 2021, totaled approximately \$1.6 million and \$1.2 million, respectively. The increase in amortization expense is due to the acquisition of Sancuso.

Income taxes. Income tax expense for the three months ended March 31, 2022, was comparable to the income tax expense for the three months ended March 31, 2021.

As of March 31, 2022, we had approximately \$56.6 million in federal net operating loss carryforwards including approximately \$44 million of net operating loss carryforwards resulting from the exercise of nonqualified stock options that have historically been used to significantly offset income tax obligations. We expect to continue to pay minimal income taxes during 2022 and beyond, through the continued utilization of these net operating loss carryforwards, on any taxable income generated from our operations.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Our primary sources of liquidity are cash equivalents, cash flows from operations and the amounts borrowed under our line of credit. We believe that our internally generated cash flows, existing working capital and our line of credit will be adequate to finance internal growth, finance business development initiatives, and fund capital expenditures for the foreseeable future.

The following table summarizes our liquidity and working capital as of March 31, 2022 and December 31, 2021:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Cash and cash equivalents	\$ 17,266,785	\$ 27,040,816
Working capital (current assets less current liabilities)	\$ 20,784,529	\$ 26,409,053
Current ratio (multiple of current assets to current liabilities)	1.8	2.4
Revolving line of credit availability	<u>\$ —</u>	<u>\$ —</u>

The following table summarizes our net changes in cash and cash equivalents for the three months ended March 31, 2022 and March 31, 2021:

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Net cash provided by (used in):		
Operating activities	\$ (150,498)	\$ 1,785,549
Investing activities	(13,541,898)	(318,341)
Financing activities	3,918,365	(1,298,079)
Net increase (decrease) in cash and cash equivalents	<u>\$ (9,774,031)</u>	<u>\$ 169,129</u>

The net \$9.8 million decrease in cash and cash equivalents for the three months ended March 31, 2022, was primarily attributable to cash used in investing and partially offset by cash provided by financing activities. Cash used in operating activities of \$0.2 million was primarily the result of accounts receivable increasing by \$7.8 million mainly from Sancuso sales, positively impacted by decreases in inventory of \$2.3 million and increases in accounts payable and other liabilities of \$4.1 million, as well as the add back of non-cash expenses of depreciation, amortization and share-based compensation expense totaling \$1.8 million. Cash used in investing activities was the result of the acquisition of Sancuso. Our financing activities included the increase in our line of credit of \$5.0 million partially offset by the \$0.6 million in cash used to repurchase shares of our common stock as well as the \$0.5 million used for the payment of royalties for sales of Vibativ and Sancuso.

The net \$0.2 million increase in cash and cash equivalents for the three months ended March 31, 2021, was primarily attributable to cash provided by operating activities, partially offset by cash used in investing and financing activities. Cash provided by operating activities of \$1.8 million was positively impacted by decreases in inventory of \$1.9 million, as well as the add back of non-cash expenses of depreciation, amortization and share-based compensation expense totaling \$1.4 million. Cash used in investing activities was the result of additions to intangibles of \$0.1 million and the payment of \$0.2 million to the WHC JV. Our financing activities included the \$0.3 million in cash used to repurchase shares of our common stock as well as the \$1.0 million used for the payment of royalties to Theravance for sales of Vibativ.

Debt Agreement

On March 31, 2022, the Company and Pinnacle Bank entered into a Seventh Amendment to the Revolving Credit Loan Agreement (the "Pinnacle Agreement") to revise and update the Maximum Funded Debt Ratio financial covenant and to delete from the Pinnacle Agreement the Funded Debt to Tangible Capital Ratio financial covenant. These changes were made to more appropriately reflect the impact from the Sancuso acquisition.

On December 31, 2021, the Company and Pinnacle Bank entered into the Fifth Amendment to the Revolving Credit Note and the Sixth Amendment to the Revolving Credit Loan Agreement in order to increase the principal amount of the Note from \$15 million to \$20 million.

On October 28, 2021, the Company and Pinnacle Bank entered into a Fourth Amendment to the Revolving Credit Note and Fifth Amendment ("Fifth Amendment") to the Revolving Credit Loan Agreement to renew the Revolving Credit Loan.

The original Pinnacle Agreement was dated July 2017. Beginning on August 14, 2018, and continuing until October 7, 2020, the Company and Pinnacle Bank entered into a series of amendments to extend and update the Revolving Credit Note and Revolving Credit Agreement. The Fifth Amendment extends the maturity date three years through October 1, 2024.

The interest rate on the Pinnacle Agreement is based on LIBOR plus an interest rate spread. The current pricing under the Pinnacle Agreement provides for an interest rate spread of 1.75% to 2.75% above LIBOR with a minimum LIBOR of 0.90%. The applicable interest rate under the Pinnacle Agreement was 3.65% at March 31, 2022. In addition, a fee of 0.25% per year is charged on the unused line of credit. Interest and the unused line fee are payable quarterly. The parties have agreed on a process to determine a new interest rate benchmark at the point the LIBOR rate is expected to be discontinued over the next 12 to 24 months.

As of March 31, 2022 and December 31, 2021, the Company had \$20.0 million and \$15.0 million, respectively, in borrowings outstanding under its revolving credit facility. The Company was in compliance with the Maximum Funded Debt Ratio financial covenant as of March 31, 2022.

Paycheck Protection Program Loan

On April 20, 2020, Cumberland received the funding of a loan from Pinnacle Bank in the aggregate amount of \$2,187,140 pursuant to the Paycheck Protection Program (the "PPP") under the Federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted March 27, 2020.

Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act, including qualifying payroll costs, covered rent payments, and covered utilities. Cumberland used the PPP loan funds for such qualifying expenses. Due to assistance from our PPP loan, the Company did not lay off or furlough any employees as a result of the COVID-19 pandemic.

In October 2020, Cumberland submitted a request for the loan's forgiveness. On June 11, 2021, the Company received a formal notice from the SBA that the full amount of the loan was forgiven.

OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended March 31, 2022 and 2021, we did not engage in any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to market risk related to changes in interest rates on our cash on deposit in highly-liquid money market accounts and our revolving credit facility. We do not utilize derivative financial instruments or other market risk-sensitive instruments to manage exposure to interest rate changes. The main objective of our cash investment activities is to preserve principal while maximizing interest income through low-risk investments.

We believe that our interest rate risk related to our cash and cash equivalents is not material. The risk related to interest rates for these accounts would produce less income than expected if market interest rates fall. Based on current interest rates, we do not believe we are exposed to significant downside risk related to a change in interest on our money market accounts at March 31, 2022.

The interest rate risk related to borrowings under our line of credit is based on LIBOR plus an interest rate spread. The current pricing under the Pinnacle Agreement provides for an interest rate spread of 1.75% to 2.75% above LIBOR with a minimum LIBOR of 0.90%. The applicable interest rate under the Pinnacle Agreement was 3.65% at March 31, 2022. As of March 31, 2022, we had \$20.0 million in borrowings outstanding under our revolving credit facility.

Exchange Rate Risk

While we operate primarily in the United States, we are exposed to foreign currency risk. Currently, we do not utilize financial instruments to hedge exposure to foreign currency fluctuations. We believe our exposure to foreign currency fluctuation is minimal as our purchases in foreign currency have a maximum exposure of 90 days based on invoice terms with a portion of the exposure being limited to 30 days based on the due date of the invoice. Foreign currency exchange gains and losses were immaterial for the three months ended March 31, 2022 and 2021. Neither a five percent increase nor decrease from current exchange rates would have a material effect on our operating results or financial condition.

Item 4. Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the three months ended March 31, 2022, there has not been any change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material developments with regard to the legal proceedings previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Item 1A. Risk Factors

In addition to the other information set forth in this quarterly report, an investor should consider the risk factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities

We currently have a share repurchase program to purchase up to \$10 million of our common stock pursuant to Rule 10b-18 of the Exchange Act. In January 2019, our Board of Directors established the current \$10 million repurchase program to replace the prior authorizations for repurchases of our outstanding common stock.

The following table summarizes the activity, by month, during the three months ended March 31, 2022:

Period	Total Number of Shares or Units Purchased, which were also Part of the Publicly Announced Plans or Programs	Average Price Paid per Share (or Unit)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January	46,642	\$ 3.96	\$ 4,595,056
February	37,910	3.42	4,465,495
March	89,597 ⁽¹⁾	2.81	4,213,590
Total	174,149		

⁽¹⁾ Of this amount, 50,874 shares were repurchased directly through private purchases at the then-current fair market value of common stock.

Item 6. Exhibits

No.	Description
10.1*	<u>Employment Agreement dated March 7, 2022, effective as of January 1, 2022, by and between A.J. Kazimi and Cumberland Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K, File No. 001-33637, filed with the Securities and Exchange Commission on March 11, 2022).</u>
10.2*	<u>Employment Agreement dated March 7, 2022, effective as of January 1, 2022, by and between Leo B. Pavliv and Cumberland Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K, File No. 001-33637, filed with the Securities and Exchange Commission on March 11, 2022).</u>
10.3*	<u>Employment Agreement dated March 7, 2022, effective as of January 1, 2022, by and between John M. Hamm and Cumberland Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K, File No. 001-33637, filed with the Securities and Exchange Commission on March 11, 2022).</u>
10.4*	<u>Employment Agreement dated March 7, 2022, effective as of January 1, 2022, by and between James L. Herman and Cumberland Pharmaceuticals Inc. (incorporated by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K, File No. 001-33637, filed with the Securities and Exchange Commission on March 11, 2022).</u>
10.5*	<u>Seventh Amendment to Revolving Credit Loan Agreement, dated as of March 31, 2022, by and between Cumberland Pharmaceuticals Inc. and Pinnacle Bank.</u>
31.1*	<u>Certification of Chief Executive Officer Pursuant to Rule 13-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Chief Financial Officer Pursuant to Rule 13-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification of Chief Executive and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	INLINE XBRL INSTANCE DOCUMENT - THE INSTANCE DOCUMENT DOES NOT APPEAR IN THE INTERACTIVE DATA FILE BECAUSE ITS XBRL TAGS ARE EMBEDDED WITHIN THE INLINE XBRL DOCUMENT.
101.SCH*	INLINE XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
101.CAL*	INLINE XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT
101.DEF*	INLINE XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT
101.LAB*	INLINE XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT
101.PRE*	INLINE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT
104	COVER PAGE INTERACTIVE DATA FILE (FORMATTED AS INLINE XBRL AND CONTAINED IN EXHIBIT 101)

* Filed herewith.

** Furnished herewith.



March 7, 2022

Mr. AJ Kazimi
2525 West End Avenue, Suite 950
Nashville, TN 37203

Re: Employment of AJ Kazimi as Chief Executive Officer by Cumberland Pharmaceuticals Inc.

Dear AJ,

Effective January 1, 2022, this letter agreement (the "Agreement") will evidence the terms and conditions under which you will be employed by Cumberland Pharmaceuticals Inc. (the "Company") In consideration of your appointment as Chief Executive Officer of the Company, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Compensation. The Company agrees to compensate you as follows:

(a) The Company agrees to pay you on a salary basis for services performed based on an annual rate of six hundred thirty-five thousand dollars (\$635,000.00), payable in arrears in equal monthly installments on the 1st day of each calendar month of 2022. For each year, thereafter, you will be paid on a salary basis for services performed based on an annual rate determined by the Company in its sole discretion; provided, however, that any obligation to make payments under this Section 1(a) will cease upon termination of your employment for any reason. Notwithstanding the foregoing, nothing in this Section 1(a) alters or is intended to alter the at-will nature of your employment as described in Section 3 of this Agreement.

(b) You will be eligible to participate in any Company-wide employee benefits as approved by the Board of Directors. The terms of your eligibility and participation will be governed by the provisions of the employee benefit plans, as such plans may be amended from time to time in the discretion of the Company's Board of Directors.

(c) You may be eligible for any Company bonus program, based upon performance in meeting your individual objectives and the Company's overall performance, both as determined and approved by the Board of Directors of the Company. Any such bonus will be discretionary and will be subject to the terms of the applicable bonus program, the terms of which program may be modified from year to year in the sole discretion of the Company's Board of Directors.

(d) You will receive a grant of Cumberland Pharmaceuticals common stock, pursuant to a stock options agreement (SOA). Such shares will be subject to the SOA and the terms set forth in the incentive compensation plan under which they are awarded. You may, at the Company's sole discretion, receive additional awards of Company equity, which will be subject to their designated agreements and the incentive compensation plans under which they are awarded.

(e) Except as set forth in Section 2, the Company shall not be liable to you for any expense incurred by you unless you receive the Company's prior written consent to reimburse you for such expense.

2. Additional Payments. During the term hereof, you shall be entitled to receive prompt reimbursement for all reasonable and documented expenses incurred in the performance of services in accordance with the expense reimbursement policy of the Company. Such reimbursement policy shall require adequate documentation by you of the expenses and payment by the Company of such amounts shall be made within a reasonable period after the close of the year in which the expenses were incurred.

3. Employment at Will. This Agreement is not intended to and shall not be understood in any manner as affecting or modifying the at-will status of your employment with the Company. As an at-will employee either you or the Company may terminate the employment relationship at any time with or without cause or notice. The obligations of Sections 4, 5, 6, 7, 8, 10, 11 and 12 herein shall survive the termination of the employment relationship or of this Agreement.

4. Confidentiality. All knowledge and information, not already available to the public, which you acquire, have acquired, or will acquire in the course of your employment with the Company with respect to the Company's business, work methods, or pending regulatory matters, or other Company matters that are treated by the Company as confidential, shall be regarded by you as trade secrets, whether or not they are classifiable legally as trade secrets, and shall be treated by you as strictly confidential. Such knowledge and information shall not either directly or indirectly be used, disclosed, or made accessible to anyone by you for any purpose, except in the ordinary course of the Company's business under circumstances in which you are authorized to use or disclose such information. No disclosures of such confidential information shall be made outside of those you are authorized to make in the regular and ordinary course of your duties unless and until you receive prior written permission of the Board of Directors of the Company to make such disclosure.

5. Discoveries and Improvements. During the time that you are employed by the Company, all confidential information, trade secrets, or proprietary information and all other discoveries, inventions, software programs, processes, methods and improvements that are conceived, developed, or otherwise made by you, alone or with others, that relate in any way to the Company's present or planned business or products (collectively the "Developments"), whether or not patentable or subject to copyright protection and whether or not reduced to tangible form or reduced to practice, shall be the sole property of the Company. You agree to disclose all Developments promptly, fully and in writing to the Company. You agree to keep and maintain

adequate and current dated and witnessed written records of all such Developments, in the form of notes, sketches, drawings, or reports, which records shall be promptly submitted to the Company and shall be and remain the property of the Company at all times. You agree to assign, and hereby do assign, to, the Company all your right, title and interest throughout the world in and to all Developments. You agree that all Developments shall constitute "Works for Hire" (as such are defined under the U.S. Copyright Laws) and hereby assign to the Company all copyrights, patents and other proprietary rights you may have in any Developments without any obligation on the part of the Company to pay royalties or any other consideration to you for such Developments.

6. Publication. All documents and other writings produced by you during the period of your employment, which relate to work you are doing or have done for the Company or to the business of the Company or its affiliates, shall belong to the Company. You will not publish outside of the Company any such writing without the prior written consent of the Board of Directors of the Company. You will, without further compensation, execute at any time (whether or not you are still employed by the Company) all documents requested of you relating to the protection of such rights, including the assignment of such rights to the Company.

7. Litigation. You shall notify the Company within three business days if no longer employed and immediately if still employed by the Company if you are contacted by any person relating to any claim or litigation against the Company. You shall not communicate in any manner with any person related to any claim or litigation against the Company without the prior consent of the Board of Directors of the Company unless compelled to do so by law.

8. Competition. For so long as you are employed by the Company or any Affiliate (as defined below) and for a period of one year after you cease to be employed by the Company or any Affiliate, you shall not, directly or indirectly, engage in any work or other activity--whether as owner, stockholder, partner, officer, consultant, or otherwise--involving a trademark, product, or process that, in the opinion of the Company's Chief Executive Officer, is similar to a trademark, product or process on which you worked for the Company (or any Affiliate) or obtained knowledge about while working for the Company at any time during the period of employment, if such work or other activity is then, or reasonably expected to become, competitive with that of the Company (or any Affiliate). The restriction in the preceding sentence shall not apply if you have disclosed to the Company in writing all the known facts relating to such work or activity and have received a release in writing from the Board of Directors of the Company allowing you to engage in such work or activity. The Company's Chief Executive Officer shall have sole discretion to determine whether your work or activity for another employer involves trademarks, products, or processes that are similar to trademarks, products, or processes that you worked on for the Company. Ownership by you of five percent (5%) or less of the outstanding shares of stock of any company either (i) listed on a national securities exchange, or (ii) having at least one hundred (100) stockholders shall not make you a "stockholder" within the meaning of that term as used in this paragraph. For one year after you cease to work for the Company, you will not engage in any work or activity that will cause you to inevitably disclose to anyone not employed by the Company (or an Affiliate) any trade secret

or confidential information that belongs to the Company or one of its Affiliates. Nothing in this paragraph shall limit the rights or remedies of the Company arising, directly or indirectly, from such competitive employment, including, without limitation, claims based upon breach of fiduciary duty, misappropriation, or theft of confidential information. The term "Affiliate" shall mean the Company and any entity controlling, controlled by, or under common control with the Company.

9. Conflicting Contracts. You represent and warrant that you are not now under any obligation resulting from any contract or arrangement, to any person, firm, or corporation, which is inconsistent or in conflict with this Agreement. Likewise you represent and warrant that you are not now under any obligation resulting from any contract or arrangement to any person, firm, or corporation which would prevent, limit, or impair in any way the performance by you of your obligations to the Company.

10. Solicitation. After you cease to be employed by the Company (or a Company affiliate):

(a) You agree not to solicit, directly or indirectly, business related to the development or sales of pharmaceutical products from any entity, organization, or person which is contracted with the Company, which has been doing business with the Company or from which the Company was soliciting at the time of your termination, or a firm which you knew or had reason to know that the Company was going to solicit business at the time you ceased to be employed by the Company. The restriction set forth in the preceding sentence shall not apply if you have disclosed to the Company in writing all the known facts relating to such solicitation and have received a release in writing from the Board of Directors of the Company to engage in such solicitation.

(b) You agree not to solicit, recruit, hire, or assist in the hiring of any employee of the Company to work for you or another person, firm, corporation, or business.

11. Return of Documents. Upon termination of your employment for any reason, you shall immediately return to the Company all documents and things belonging to the Company. This includes, but is not limited to, trade secrets, confidential information, knowledge, data or know-how, and software containing such information, whether or not the documents are marked "Confidential."

12. Remedies. You acknowledge that in the event of breach of this Agreement by you, actual damages to the Company will be impossible to calculate, the Company's remedies at law will be inadequate, and the Company will suffer irreparable harm. Therefore, you agree that any of the covenants contained in this Agreement may be specifically enforced through injunctive relief, but such right to injunctive relief shall not preclude the Company from other remedies which may be available to it. You further agree that should you fail to keep any of the promises made by you in this Agreement, or any way violate this Agreement, the Company shall be entitled to recover all monies the Company is required to spend, including attorneys' fees, to enforce the provisions of this Agreement.

13. Best Efforts and Conflicts of Interest: You are hired with the understanding that Cumberland is your sole employer and you will provide a full-time work effort. You agree to devote your entire professional and business-related time and best efforts to the services required of you by the express and implicit terms of this Agreement, to the reasonable satisfaction of Cumberland in its sole and complete discretion. Engaging in activities outside of work that create a conflict of interest, or detract from your ability to perform your assigned responsibilities or meet your defined goals and objectives with Cumberland, is a problem and may lead to disciplinary action up to and including termination of employment. If you believe that you are potentially involved in a situation that could create a conflict of interest and affect your ability to adequately perform your job with Cumberland, you should inform your direct supervisor and Cumberland's Human Resources Department immediately.



14. Standards of Business Conduct and Ethics. Cumberland's commitment to a culture of integrity, ethics and compliance with the law is comprised in this policy, which will be provided to you as part of the conditions of your employment. You will have the opportunity to read, discuss and understand this policy prior to accepting and signing its Letter of Agreement.

15. Debarment. You represent and warrant that you have not been debarred and will notify the Company immediately if you are debarred, pursuant to subsection 306(a) or 306(b) of the Federal Food, Drug, and Cosmetic Act.

16. Notice. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail to your residence or to the Company's principal office in the case of the Company.

17. Waiver. The waiver by either party of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

18. Entire Agreement. This Agreement contains the entire agreement of the parties and may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

19. Governance. This Agreement shall be governed by the laws of the State of Tennessee. Any dispute arising out of this Agreement shall be resolved, at the Company's sole option, by courts sitting in Nashville, Tennessee, and you waive any objection to such venue.

20. Enforceability. In the event that any provision of this Agreement shall be held by a court to be unenforceable, such provision will be enforced to the maximum extent permissible, and the remaining portions of this Agreement shall remain in full force and effect.

21. Survival. Notwithstanding any termination of your employment, this Agreement shall survive and remain in effect in accordance with its terms.

###

This letter agreement may be signed in one or more counterparts, each of which shall be an original and all of which will constitute one and the same instrument.

Sincerely yours,

CUMBERLAND PHARMACEUTICALS INC.



MBA, HRM

HR Manager

By: Stephanie Smith,

Accepted as to all terms and conditions
as of the 7th day of March 2022:

A.J. Kazimi

March 7, 2022

Mr. Leo Pavliv
2525 West End Avenue, Suite 950
Nashville, TN 37203

Re: Employment of Leo Pavliv as Executive Vice President, Chief Development & Operations Officer by Cumberland Pharmaceuticals Inc.

Dear Leo,

Effective January 1, 2022, this letter agreement (the "Agreement") will evidence the terms and conditions under which you will be employed by Cumberland Pharmaceuticals Inc. (the "Company") In consideration of your appointment as Executive Vice President, Chief Development & Operations Officer of the Company, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Compensation. The Company agrees to compensate you as follows:

(a) The Company agrees to pay you on a salary basis for services performed based on an annual rate of four hundred and fifty-five thousand dollars (\$455,000.00), payable in arrears in equal monthly installments on the 1st day of each calendar month of 2022. For each year, thereafter, you will be paid on a salary basis for services performed based on an annual rate determined by the Company in its sole discretion; provided, however, that any obligation to make payments under this Section 1(a) will cease upon termination of your employment for any reason. Notwithstanding the foregoing, nothing in this Section 1(a) alters or is intended to alter the at-will nature of your employment as described in Section 3 of this Agreement.

(b) You will be eligible to participate in any Company-wide employee benefits as approved by the Board of Directors. The terms of your eligibility and participation will be governed by the provisions of the employee benefit plans, as such plans may be amended from time to time in the discretion of the Company's Board of Directors.

(c) You may be eligible for any Company bonus program, based upon performance in meeting your individual objectives and the Company's overall performance, both as determined and approved by the Board of Directors of the Company. Any such bonus will be discretionary and will be subject to the terms of the applicable bonus program, the terms of which program may be modified from year to year in the sole discretion of the Company's Board of Directors.

(d) You will receive a grant of Cumberland Pharmaceuticals common stock, pursuant to a stock options agreement (SOA). Such shares will be subject to the SOA and the terms set forth in the incentive compensation plan under which they are awarded. You may, at the Company's sole discretion, receive additional awards of Company equity, which will be subject to their designated agreements and the incentive compensation plans under which they are awarded.

(e) Except as set forth in Section 2, the Company shall not be liable to you for any expense incurred by you unless you receive the Company's prior written consent to reimburse you for such expense.

2. Additional Payments. During the term hereof, you shall be entitled to receive prompt reimbursement for all reasonable and documented expenses incurred in the performance of services in accordance with the expense reimbursement policy of the Company. Such reimbursement policy shall require adequate documentation by you of the expenses and payment by the Company of such amounts shall be made within a reasonable period after the close of the year in which the expenses were incurred.

3. Employment at Will. This Agreement is not intended to and shall not be understood in any manner as affecting or modifying the at-will status of your employment with the Company. As an at-will employee either you or the Company may terminate the employment relationship at any time with or without cause or notice. The obligations of Sections 4, 5, 6, 7, 8, 10, 11 and 12 herein shall survive the termination of the employment relationship or of this Agreement.

4. Confidentiality. All knowledge and information, not already available to the public, which you acquire, have acquired, or will acquire in the course of your employment with the Company with respect to the Company's business, work methods, or pending regulatory matters, or other Company matters that are treated by the Company as confidential, shall be regarded by you as trade secrets, whether or not they are classifiable legally as trade secrets, and shall be treated by you as strictly confidential. Such knowledge and information shall not either directly or indirectly be used, disclosed, or made accessible to anyone by you for any purpose, except in the ordinary course of the Company's business under circumstances in which you are authorized to use or disclose such information. No disclosures of such confidential information shall be made outside of those you are authorized to make in the regular and ordinary course of your duties unless and until you receive prior written permission of the Board of Directors of the Company to make such disclosure.

5. Discoveries and Improvements. During the time that you are employed by the Company, all confidential information, trade secrets, or proprietary information and all other discoveries, inventions, software programs, processes, methods and improvements that are conceived, developed, or otherwise made by you, alone or with others, that relate in any way to the Company's present or planned business or products (collectively the "Developments"), whether or not patentable or subject to copyright protection and whether or not reduced to tangible form or reduced to practice, shall be the sole property of the Company. You agree to disclose all Developments promptly, fully and in writing to the Company. You agree to keep and maintain adequate and current dated and witnessed written records of all such Developments, in the form of notes, sketches, drawings, or reports, which records shall be promptly submitted to the Company and shall be and remain the property of the Company at all times. You agree to assign, and hereby do assign, to, the Company all your right, title and interest throughout the world in and to all Developments. You agree that all Developments shall constitute "Works for Hire" (as such are defined under the U.S. Copyright Laws) and hereby assign to the Company all copyrights, patents and other proprietary rights you may have in any Developments without any obligation on the part of the Company to pay royalties or any other consideration to you for such Developments.

6. Publication. All documents and other writings produced by you during the period of your employment, which relate to work you are doing or have done for the Company or to the business of the Company or its affiliates, shall belong to the Company. You will not publish outside of the Company any such writing without the prior written consent of the Board of Directors of the Company. You will, without further compensation, execute at any time (whether or not you are still employed by the Company) all documents requested of you relating to the protection of such rights, including the assignment of such rights to the Company.

7. Litigation. You shall notify the Company within three business days if no longer employed and immediately if still employed by the Company if you are contacted by any person relating to any claim or litigation against the Company. You shall not communicate in any manner with any person related to any claim or litigation against the Company without the prior consent of the Board of Directors of the Company unless compelled to do so by law.

8. Competition. For so long as you are employed by the Company or any Affiliate (as defined below) and for a period of one year after you cease to be employed by the Company or any Affiliate, you shall not, directly or indirectly, engage in any work or other activity--whether as owner, stockholder, partner, officer, consultant, or otherwise--involving a trademark, product, or process that, in the opinion of the Company's Chief Executive Officer, is similar to a trademark, product or process on which you worked for the Company (or any Affiliate) or obtained knowledge about while working for the Company at any time during the period of employment, if such work or other activity is then, or reasonably expected to become, competitive with that of the Company (or any Affiliate). The restriction in the preceding sentence shall not apply if you have disclosed to the Company in writing all the known facts relating to such work or activity and have received a release in writing from the Board of Directors of the Company allowing you to engage in such work or activity. The Company's Chief Executive Officer shall have sole discretion to determine whether your work or activity for another employer involves trademarks, products, or processes that are similar to trademarks, products, or processes that you worked on for the Company. Ownership by you of five percent (5%) or less of the outstanding shares of stock of any company either (i) listed on a national securities exchange, or (ii) having at least one hundred (100) stockholders shall not make you a "stockholder" within the meaning of that term as used in this paragraph. For one year after you cease to work for the Company, you will not engage in any work or activity that will cause you to inevitably disclose to anyone not employed by the Company (or an Affiliate) any trade secret or confidential information that belongs to the Company or one of its Affiliates. Nothing in this paragraph shall limit the rights or remedies of the Company arising, directly or indirectly, from such competitive employment, including, without limitation, claims based upon breach of fiduciary duty, misappropriation, or theft of confidential information. The term "Affiliate" shall mean the Company and any entity controlling, controlled by, or under common control with the Company.

9. Conflicting Contracts. You represent and warrant that you are not now under any obligation resulting from any contract or arrangement, to any person, firm, or corporation, which is inconsistent or in conflict with this Agreement. Likewise you represent and warrant that you are not now under any obligation resulting from any contract or arrangement to any person, firm, or corporation which would prevent, limit, or impair in any way the performance by you of your obligations to the Company.

10. Solicitation. After you cease to be employed by the Company (or a Company affiliate):

(a) You agree not to solicit, directly or indirectly, business related to the development or sales of pharmaceutical products from any entity, organization, or person which is contracted with the Company, which has been doing business with the Company or from which the Company was soliciting at the time of your termination, or a firm which you knew or had reason to know that the Company was going to solicit business at the time you ceased to be employed by the Company. The restriction set forth in the preceding sentence shall not apply if you have disclosed to the Company in writing all the known facts relating to such solicitation and have received a release in writing from the Board of Directors of the Company to engage in such solicitation.

(b) You agree not to solicit, recruit, hire, or assist in the hiring of any employee of the Company to work for you or another person, firm, corporation, or business.

11. Return of Documents. Upon termination of your employment for any reason, you shall immediately return to the Company all documents and things belonging to the Company. This includes, but is not limited to, trade secrets, confidential information, knowledge, data or know-how, and software containing such information, whether or not the documents are marked "Confidential."

12. Remedies. You acknowledge that in the event of breach of this Agreement by you, actual damages to the Company will be impossible to calculate, the Company's remedies at law will be inadequate, and the Company will suffer irreparable harm. Therefore, you agree that any of the covenants contained in this Agreement may be specifically enforced through injunctive relief, but such right to injunctive relief shall not preclude the Company from other remedies which may be available to it. You further agree that should you fail to keep any of the promises made by you in this Agreement, or any way violate this Agreement, the Company shall be entitled to recover all monies the Company is required to spend, including attorneys' fees, to enforce the provisions of this Agreement.

13. Best Efforts and Conflicts of Interest: You are hired with the understanding that Cumberland is your sole employer and you will provide a full-time work effort. You agree to devote your entire professional and business-related time and best efforts to the services required of you by the express and implicit terms of this Agreement, to the reasonable satisfaction of Cumberland in its sole and complete discretion. Engaging in activities outside of work that create a conflict of interest, or detract from your ability to perform your assigned responsibilities or meet your defined goals and objectives with Cumberland, is a problem and may lead to disciplinary action up to and including termination of employment. If you believe that you are potentially involved in a situation that could create a conflict of interest and affect your ability to adequately perform your job with Cumberland, you should inform your direct supervisor and Cumberland's Human Resources Department immediately.

14. Standards of Business Conduct and Ethics. Cumberland's commitment to a culture of integrity, ethics and compliance with the law is comprised in this policy, which will be provided to you as part of the conditions of your employment. You will have the opportunity to read, discuss and understand this policy prior to accepting and signing its Letter of Agreement.
15. Debarment. You represent and warrant that you have not been debarred and will notify the Company immediately if you are debarred, pursuant to subsection 306(a) or 306(b) of the Federal Food, Drug, and Cosmetic Act.
16. Notice. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail to your residence or to the Company's principal office in the case of the Company.
17. Waiver. The waiver by either party of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.
18. Entire Agreement. This Agreement contains the entire agreement of the parties and may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.
19. Governance. This Agreement shall be governed by the laws of the State of Tennessee. Any dispute arising out of this Agreement shall be resolved, at the Company's sole option, by courts sitting in Nashville, Tennessee, and you waive any objection to such venue.
20. Enforceability. In the event that any provision of this Agreement shall be held by a court to be unenforceable, such provision will be enforced to the maximum extent permissible, and the remaining portions of this Agreement shall remain in full force and effect.
21. Survival. Notwithstanding any termination of your employment, this Agreement shall survive and remain in effect in accordance with its terms.

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This letter agreement may be signed in one or more counterparts, each of which shall be an original and all of which will constitute one and the same instrument.

Sincerely yours,

CUMBERLAND PHARMACEUTICALS INC.

Chief Executive Officer

By: A.J. Kazimi

Accepted as to all terms and conditions
as of the 7th of March 2022:

Leo Pavliv



March 7, 2022

Mr. John Hamm
2525 West End Avenue, Suite 950
Nashville, TN 37203

Re: Employment of John Hamm as Senior Director of Finance & Accounting & Chief Financial Officer Cumberland Pharmaceuticals Inc.

Dear John,

Effective January 1, 2022, this letter agreement (the "Agreement") will evidence the terms and conditions under which you will be employed by Cumberland Pharmaceuticals Inc. (the "Company") In consideration of your appointment as Senior Director of Finance & Accounting & Chief Financial Officer of the Company, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Compensation. The Company agrees to compensate you as follows:

(a) The Company agrees to pay you on a salary basis for services performed based on an annual rate of one hundred and ninety-two thousand dollars (\$192,000.00), payable in arrears in equal monthly installments on the 1st day of each calendar month of 2022. For each year, thereafter, you will be paid on a salary basis for services performed based on an annual rate determined by the Company in its sole discretion; provided, however, that any obligation to make payments under this Section 1(a) will cease upon termination of your employment for any reason. Notwithstanding the foregoing, nothing in this Section 1(a) alters or is intended to alter the at-will nature of your employment as described in Section 3 of this Agreement.

(b) You will be eligible to participate in any Company-wide employee benefits as approved by the Board of Directors. The terms of your eligibility and participation will be governed by the provisions of the employee benefit plans, as such plans may be amended from time to time in the discretion of the Company's Board of Directors.

(c) You may be eligible for any Company bonus program, based upon performance in meeting your individual objectives and the Company's overall performance, both as determined and approved by the Board of Directors of the Company. Any such bonus will be discretionary and will be subject to the terms of the applicable bonus program, the terms of which program may be modified from year to year in the sole discretion of the Company's Board of Directors.

(d) You will receive a grant of Cumberland Pharmaceuticals common stock, pursuant to a stock options agreement (SOA). Such shares will be subject to the SOA and the terms set forth in

the incentive compensation plan under which they are awarded. You may, at the Company's sole discretion, receive additional awards of Company equity, which will be subject to their designated agreements and the incentive compensation plans under which they are awarded.

(e) Except as set forth in Section 2, the Company shall not be liable to you for any expense incurred by you unless you receive the Company's prior written consent to reimburse you for such expense.

2. Additional Payments. During the term hereof, you shall be entitled to receive prompt reimbursement for all reasonable and documented expenses incurred in the performance of services in accordance with the expense reimbursement policy of the Company. Such reimbursement policy shall require adequate documentation by you of the expenses and payment by the Company of such amounts shall be made within a reasonable period after the close of the year in which the expenses were incurred.

3. Employment at Will. This Agreement is not intended to and shall not be understood in any manner as affecting or modifying the at-will status of your employment with the Company. As an at-will employee either you or the Company may terminate the employment relationship at any time with or without cause or notice. The obligations of Sections 4, 5, 6, 7, 8, 10, 11 and 12 herein shall survive the termination of the employment relationship or of this Agreement.

4. Confidentiality. All knowledge and information, not already available to the public, which you acquire, have acquired, or will acquire in the course of your employment with the Company with respect to the Company's business, work methods, or pending regulatory matters, or other Company matters that are treated by the Company as confidential, shall be regarded by you as trade secrets, whether or not they are classifiable legally as trade secrets, and shall be treated by you as strictly confidential. Such knowledge and information shall not either directly or indirectly be used, disclosed, or made accessible to anyone by you for any purpose, except in the ordinary course of the Company's business under circumstances in which you are authorized to use or disclose such information. No disclosures of such confidential information shall be made outside of those you are authorized to make in the regular and ordinary course of your duties unless and until you receive prior written permission of the Board of Directors of the Company to make such disclosure.

5. Discoveries and Improvements. During the time that you are employed by the Company, all confidential information, trade secrets, or proprietary information and all other discoveries, inventions, software programs, processes, methods and improvements that are conceived, developed, or otherwise made by you, alone or with others, that relate in any way to the Company's present or planned business or products (collectively the "Developments"), whether or not patentable or subject to copyright protection and whether or not reduced to tangible form or reduced to practice, shall be the sole property of the Company. You agree to disclose all Developments promptly, fully and in writing to the Company. You agree to keep and maintain adequate and current dated and witnessed written records of all such Developments, in the form of notes, sketches, drawings, or reports, which records shall be promptly submitted to the Company and shall be and remain the property of the Company at all times. You agree to assign,

and hereby do assign, to, the Company all your right, title and interest throughout the world in and to all Developments. You agree that all Developments shall constitute "Works for Hire" (as such are defined under the U.S. Copyright Laws) and hereby assign to the Company all copyrights, patents and other proprietary rights you may have in any Developments without any obligation on the part of the Company to pay royalties or any other consideration to you for such Developments.

6. Publication. All documents and other writings produced by you during the period of your employment, which relate to work you are doing or have done for the Company or to the business of the Company or its affiliates, shall belong to the Company. You will not publish outside of the Company any such writing without the prior written consent of the Board of Directors of the Company. You will, without further compensation, execute at any time (whether or not you are still employed by the Company) all documents requested of you relating to the protection of such rights, including the assignment of such rights to the Company.

7. Litigation. You shall notify the Company within three business days if no longer employed and immediately if still employed by the Company if you are contacted by any person relating to any claim or litigation against the Company. You shall not communicate in any manner with any person related to any claim or litigation against the Company without the prior consent of the Board of Directors of the Company unless compelled to do so by law.

8. Competition. For so long as you are employed by the Company or any Affiliate (as defined below) and for a period of one year after you cease to be employed by the Company or any Affiliate, you shall not, directly or indirectly, engage in any work or other activity--whether as owner, stockholder, partner, officer, consultant, or otherwise--involving a trademark, product, or process that, in the opinion of the Company's Chief Executive Officer, is similar to a trademark, product or process on which you worked for the Company (or any Affiliate) or obtained knowledge about while working for the Company at any time during the period of employment, if such work or other activity is then, or reasonably expected to become, competitive with that of the Company (or any Affiliate). The restriction in the preceding sentence shall not apply if you have disclosed to the Company in writing all the known facts relating to such work or activity and have received a release in writing from the Board of Directors of the Company allowing you to engage in such work or activity. The Company's Chief Executive Officer shall have sole discretion to determine whether your work or activity for another employer involves trademarks, products, or processes that are similar to trademarks, products, or processes that you worked on for the Company. Ownership by you of five percent (5%) or less of the outstanding shares of stock of any company either (i) listed on a national securities exchange, or (ii) having at least one hundred (100) stockholders shall not make you a "stockholder" within the meaning of that term as used in this paragraph. For one year after you cease to work for the Company, you will not engage in any work or activity that will cause you to inevitably disclose to anyone not employed by the Company (or an Affiliate) any trade secret or confidential information that belongs to the Company or one of its Affiliates. Nothing in this paragraph shall limit the rights or remedies of the Company arising, directly or indirectly, from such competitive employment, including, without limitation, claims based upon breach of fiduciary duty, misappropriation, or theft of confidential information. The term "Affiliate" shall

mean the Company and any entity controlling, controlled by, or under common control with the Company.

9. Conflicting Contracts. You represent and warrant that you are not now under any obligation resulting from any contract or arrangement, to any person, firm, or corporation, which is inconsistent or in conflict with this Agreement. Likewise you represent and warrant that you are not now under any obligation resulting from any contract or arrangement to any person, firm, or corporation which would prevent, limit, or impair in any way the performance by you of your obligations to the Company.

10. Solicitation. After you cease to be employed by the Company (or a Company affiliate):

(a) You agree not to solicit, directly or indirectly, business related to the development or sales of pharmaceutical products from any entity, organization, or person which is contracted with the Company, which has been doing business with the Company or from which the Company was soliciting at the time of your termination, or a firm which you knew or had reason to know that the Company was going to solicit business at the time you ceased to be employed by the Company. The restriction set forth in the preceding sentence shall not apply if you have disclosed to the Company in writing all the known facts relating to such solicitation and have received a release in writing from the Board of Directors of the Company to engage in such solicitation.

(b) You agree not to solicit, recruit, hire, or assist in the hiring of any employee of the Company to work for you or another person, firm, corporation, or business.

11. Return of Documents. Upon termination of your employment for any reason, you shall immediately return to the Company all documents and things belonging to the Company. This includes, but is not limited to, trade secrets, confidential information, knowledge, data or know-how, and software containing such information, whether or not the documents are marked "Confidential."

12. Remedies. You acknowledge that in the event of breach of this Agreement by you, actual damages to the Company will be impossible to calculate, the Company's remedies at law will be inadequate, and the Company will suffer irreparable harm. Therefore, you agree that any of the covenants contained in this Agreement may be specifically enforced through injunctive relief, but such right to injunctive relief shall not preclude the Company from other remedies which may be available to it. You further agree that should you fail to keep any of the promises made by you in this Agreement, or any way violate this Agreement, the Company shall be entitled to recover all monies the Company is required to spend, including attorneys' fees, to enforce the provisions of this Agreement.

13. Best Efforts and Conflicts of Interest: You are hired with the understanding that Cumberland is your sole employer and you will provide a full-time work effort. You agree to devote your entire professional and business-related time and best efforts to the services required of you by the express and implicit terms of this Agreement, to the reasonable

satisfaction of Cumberland in its sole and complete discretion. Engaging in activities outside of work that create a conflict of interest, or detract from your ability to perform your assigned responsibilities or meet your defined goals and objectives with Cumberland, is a problem and may lead to disciplinary action up to and including termination of employment. If you believe that you are potentially involved in a situation that could create a conflict of interest and affect your ability to adequately perform your job with Cumberland, you should inform your direct supervisor and Cumberland's Human Resources Department immediately.



14. Standards of Business Conduct and Ethics. Cumberland's commitment to a culture of integrity, ethics and compliance with the law is comprised in this policy, which will be provided to you as part of the conditions of your employment. You will have the opportunity to read, discuss and understand this policy prior to accepting and signing its Letter of Agreement.

15. Debarment. You represent and warrant that you have not been debarred and will notify the Company immediately if you are debarred, pursuant to subsection 306(a) or 306(b) of the Federal Food, Drug, and Cosmetic Act.

16. Notice. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail to your residence or to the Company's principal office in the case of the Company.

17. Waiver. The waiver by either party of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

18. Entire Agreement. This Agreement contains the entire agreement of the parties and may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

19. Governance. This Agreement shall be governed by the laws of the State of Tennessee. Any dispute arising out of this Agreement shall be resolved, at the Company's sole option, by courts sitting in Nashville, Tennessee, and you waive any objection to such venue.

20. Enforceability. In the event that any provision of this Agreement shall be held by a court to be unenforceable, such provision will be enforced to the maximum extent permissible, and the remaining portions of this Agreement shall remain in full force and effect.

21. Survival. Notwithstanding any termination of your employment, this Agreement shall survive and remain in effect in accordance with its terms.

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This letter agreement may be signed in one or more counterparts, each of which shall be an original and all of which will constitute one and the same instrument.

Sincerely yours,

CUMBERLAND PHARMACEUTICALS INC.

Chief Executive Officer

By: A.J. Kazimi

Accepted as to all terms and conditions
as of the 7th of March 2022:

John Hamm

March 7, 2022

Mr. James Herman
2525 West End Avenue, Suite 950
Nashville, TN 37203

Re: Employment of James Herman as Executive Vice President, National Accounts and Chief Compliance Officer Cumberland Pharmaceuticals Inc.

Dear John,

Effective January 1, 2022, this letter agreement (the "Agreement") will evidence the terms and conditions under which you will be employed by Cumberland Pharmaceuticals Inc. (the "Company") In consideration of your appointment as Executive Vice President, National Accounts and Chief Compliance Officer of the Company, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Compensation. The Company agrees to compensate you as follows:

(a) The Company agrees to pay you on a salary basis for services performed based on an annual rate of two hundred and ninety-two thousand dollars (\$292,000.00), payable in arrears in equal monthly installments on the 1st day of each calendar month of 2022. For each year, thereafter, you will be paid on a salary basis for services performed based on an annual rate determined by the Company in its sole discretion; provided, however, that any obligation to make payments under this Section 1(a) will cease upon termination of your employment for any reason. Notwithstanding the foregoing, nothing in this Section 1(a) alters or is intended to alter the at-will nature of your employment as described in Section 3 of this Agreement.

(b) You will be eligible to participate in any Company-wide employee benefits as approved by the Board of Directors. The terms of your eligibility and participation will be governed by the provisions of the employee benefit plans, as such plans may be amended from time to time in the discretion of the Company's Board of Directors.

(c) You may be eligible for any Company bonus program, based upon performance in meeting your individual objectives and the Company's overall performance, both as determined and approved by the Board of Directors of the Company. Any such bonus will be discretionary and will be subject to the terms of the applicable bonus program, the terms of which program may be modified from year to year in the sole discretion of the Company's Board of Directors.

(d) You will receive a grant of Cumberland Pharmaceuticals common stock, pursuant to a stock options agreement (SOA). Such shares will be subject to the SOA and the terms set forth in the incentive compensation plan under which they are awarded. You may, at the Company's sole discretion, receive additional awards of Company equity, which will be subject to their designated agreements and the incentive compensation plans under which they are awarded.

(e) Except as set forth in Section 2, the Company shall not be liable to you for any expense incurred by you unless you receive the Company's prior written consent to reimburse you for such expense.

2. Additional Payments. During the term hereof, you shall be entitled to receive prompt reimbursement for all reasonable and documented expenses incurred in the performance of services in accordance with the expense reimbursement policy of the Company. Such reimbursement policy shall require adequate documentation by you of the expenses and payment by the Company of such amounts shall be made within a reasonable period after the close of the year in which the expenses were incurred.

3. Employment at Will. This Agreement is not intended to and shall not be understood in any manner as affecting or modifying the at-will status of your employment with the Company. As an at-will employee either you or the Company may terminate the employment relationship at any time with or without cause or notice. The obligations of Sections 4, 5, 6, 7, 8, 10, 11 and 12 herein shall survive the termination of the employment relationship or of this Agreement.

4. Confidentiality. All knowledge and information, not already available to the public, which you acquire, have acquired, or will acquire in the course of your employment with the Company with respect to the Company's business, work methods, or pending regulatory matters, or other Company matters that are treated by the Company as confidential, shall be regarded by you as trade secrets, whether or not they are classifiable legally as trade secrets, and shall be treated by you as strictly confidential. Such knowledge and information shall not either directly or indirectly be used, disclosed, or made accessible to anyone by you for any purpose, except in the ordinary course of the Company's business under circumstances in which you are authorized to use or disclose such information. No disclosures of such confidential information shall be made outside of those you are authorized to make in the regular and ordinary course of your duties unless and until you receive prior written permission of the Board of Directors of the Company to make such disclosure.

5. Discoveries and Improvements. During the time that you are employed by the Company, all confidential information, trade secrets, or proprietary information and all other discoveries, inventions, software programs, processes, methods and improvements that are conceived, developed, or otherwise made by you, alone or with others, that relate in any way to the Company's present or planned business or products (collectively the "Developments"), whether or not patentable or subject to copyright protection and whether or not reduced to tangible form or reduced to practice, shall be the sole property of the Company. You agree to disclose all Developments promptly, fully and in writing to the Company. You agree to keep and maintain adequate and current dated and witnessed written records of all such Developments, in the form of notes, sketches, drawings, or reports, which records shall be promptly submitted to the Company and shall be and remain the property of the Company at all times. You agree to assign, and hereby do assign, to, the Company all your right, title and interest throughout the world in and to all Developments. You agree that all Developments shall constitute "Works for Hire" (as such are defined under the U.S. Copyright Laws) and hereby assign to the Company all copyrights, patents and other proprietary rights you may have in any Developments without any obligation on the part of the Company to pay royalties or any other consideration to you for such Developments.

6. Publication. All documents and other writings produced by you during the period of your employment, which relate to work you are doing or have done for the Company or to the business of the Company or its affiliates, shall belong to the Company. You will not publish outside of the Company any such writing without the prior written consent of the Board of Directors of the Company. You will, without further compensation, execute at any time (whether or not you are still employed by the Company) all documents requested of you relating to the protection of such rights, including the assignment of such rights to the Company.

7. Litigation. You shall notify the Company within three business days if no longer employed and immediately if still employed by the Company if you are contacted by any person relating to any claim or litigation against the Company. You shall not communicate in any manner with any person related to any claim or litigation against the Company without the prior consent of the Board of Directors of the Company unless compelled to do so by law.

8. Competition. For so long as you are employed by the Company or any Affiliate (as defined below) and for a period of one year after you cease to be employed by the Company or any Affiliate, you shall not, directly or indirectly, engage in any work or other activity--whether as owner, stockholder, partner, officer, consultant, or otherwise--involving a trademark, product, or process that, in the opinion of the Company's Chief Executive Officer, is similar to a trademark, product or process on which you worked for the Company (or any Affiliate) or obtained knowledge about while working for the Company at any time during the period of employment, if such work or other activity is then, or reasonably expected to become, competitive with that of the Company (or any Affiliate). The restriction in the preceding sentence shall not apply if you have disclosed to the Company in writing all the known facts relating to such work or activity and have received a release in writing from the Board of Directors of the Company allowing you to engage in such work or activity. The Company's Chief Executive Officer shall have sole discretion to determine whether your work or activity for another employer involves trademarks, products, or processes that are similar to trademarks, products, or processes that you worked on for the Company. Ownership by you of five percent (5%) or less of the outstanding shares of stock of any company either (i) listed on a national securities exchange, or (ii) having at least one hundred (100) stockholders shall not make you a "stockholder" within the meaning of that term as used in this paragraph. For one year after you cease to work for the Company, you will not engage in any work or activity that will cause you to inevitably disclose to anyone not employed by the Company (or an Affiliate) any trade secret or confidential information that belongs to the Company or one of its Affiliates. Nothing in this paragraph shall limit the rights or remedies of the Company arising, directly or indirectly, from such competitive employment, including, without limitation, claims based upon breach of fiduciary duty, misappropriation, or theft of confidential information. The term "Affiliate" shall mean the Company and any entity controlling, controlled by, or under common control with the Company.

9. Conflicting Contracts. You represent and warrant that you are not now under any obligation resulting from any contract or arrangement, to any person, firm, or corporation, which is inconsistent or in conflict with this Agreement. Likewise you represent and warrant that you are not now under any obligation resulting from any contract or arrangement to any person, firm, or corporation which would prevent, limit, or impair in any way the performance by you of your obligations to the Company.

10. Solicitation. After you cease to be employed by the Company (or a Company affiliate):

(a) You agree not to solicit, directly or indirectly, business related to the development or sales of pharmaceutical products from any entity, organization, or person which is contracted with the Company, which has been doing business with the Company or from which the Company was soliciting at the time of your termination, or a firm which you knew or had reason to know that the Company was going to solicit business at the time you ceased to be employed by the Company. The restriction set forth in the preceding sentence shall not apply if you have disclosed to the Company in writing all the known facts relating to such solicitation and have received a release in writing from the Board of Directors of the Company to engage in such solicitation.

(b) You agree not to solicit, recruit, hire, or assist in the hiring of any employee of the Company to work for you or another person, firm, corporation, or business.

11. Return of Documents. Upon termination of your employment for any reason, you shall immediately return to the Company all documents and things belonging to the Company. This includes, but is not limited to, trade secrets, confidential information, knowledge, data or know-how, and software containing such information, whether or not the documents are marked "Confidential."

12. Remedies. You acknowledge that in the event of breach of this Agreement by you, actual damages to the Company will be impossible to calculate, the Company's remedies at law will be inadequate, and the Company will suffer irreparable harm. Therefore, you agree that any of the covenants contained in this Agreement may be specifically enforced through injunctive relief, but such right to injunctive relief shall not preclude the Company from other remedies which may be available to it. You further agree that should you fail to keep any of the promises made by you in this Agreement, or any way violate this Agreement, the Company shall be entitled to recover all monies the Company is required to spend, including attorneys' fees, to enforce the provisions of this Agreement.

13. Best Efforts and Conflicts of Interest: You are hired with the understanding that Cumberland is your sole employer and you will provide a full-time work effort. You agree to devote your entire professional and business-related time and best efforts to the services required of you by the express and implicit terms of this Agreement, to the reasonable satisfaction of Cumberland in its sole and complete discretion. Engaging in activities outside of work that create a conflict of interest, or detract from your ability to perform your assigned responsibilities or meet your defined goals and objectives with Cumberland, is a problem and may lead to disciplinary action up to and including termination of employment. If you believe that you are potentially involved in a situation that could create a conflict of interest and affect your ability to adequately perform your job with Cumberland, you should inform your direct supervisor and Cumberland's Human Resources Department immediately.

14. Standards of Business Conduct and Ethics. Cumberland's commitment to a culture of integrity, ethics and compliance with the law is comprised in this policy, which will be provided to you as part of the conditions of your employment. You will have the opportunity to read, discuss and understand this policy prior to accepting and signing its Letter of Agreement.
15. Debarment. You represent and warrant that you have not been debarred and will notify the Company immediately if you are debarred, pursuant to subsection 306(a) or 306(b) of the Federal Food, Drug, and Cosmetic Act.
16. Notice. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if sent by registered or certified mail to your residence or to the Company's principal office in the case of the Company.
17. Waiver. The waiver by either party of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.
18. Entire Agreement. This Agreement contains the entire agreement of the parties and may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.
19. Governance. This Agreement shall be governed by the laws of the State of Tennessee. Any dispute arising out of this Agreement shall be resolved, at the Company's sole option, by courts sitting in Nashville, Tennessee, and you waive any objection to such venue.
20. Enforceability. In the event that any provision of this Agreement shall be held by a court to be unenforceable, such provision will be enforced to the maximum extent permissible, and the remaining portions of this Agreement shall remain in full force and effect.
21. Survival. Notwithstanding any termination of your employment, this Agreement shall survive and remain in effect in accordance with its terms.

###

This letter agreement may be signed in one or more counterparts, each of which shall be an original and all of which will constitute one and the same instrument.

Sincerely yours,

CUMBERLAND PHARMACEUTICALS INC.

Chief Executive Officer

By: A.J. Kazimi

Accepted as to all terms and conditions
as of the 7th of March 2022:

James Herman

SEVENTH AMENDMENT TO REVOLVING CREDIT LOAN AGREEMENT

THIS SEVENTH AMENDMENT TO REVOLVING CREDIT LOAN AGREEMENT (this "**Amendment**") is entered into as of March 31, 2022 by and between CUMBERLAND PHARMACEUTICALS INC., a Tennessee corporation ("**Borrower**"), and PINNACLE BANK, a Tennessee banking corporation (the "**Lender**").

RECITALS:

A. Borrower and the Lender entered into that certain Revolving Credit Loan Agreement dated as of July 31, 2017, as amended by that certain First Amendment to Revolving Credit Loan Agreement dated August 14, 2018, as amended by that certain First Amendment to Revolving Credit Note and Second Amendment to Revolving Credit Loan Agreement dated October 17, 2018, as amended by that certain Second Amendment to Revolving Credit Note and Third Amendment to Revolving Credit Loan Agreement dated May 10, 2019, as amended by that certain Third Amendment to Revolving Credit Note and Fourth Amendment to Revolving Credit Loan Agreement dated October 7, 2020, as amended by that certain Fourth Amendment to Revolving Credit Note and Fifth Amendment to Revolving Credit Loan Agreement dated as of October 28, 2021, and as amended by that certain Fifth Amendment to Revolving Credit Note and Sixth Amendment to Revolving Credit Loan Agreement dated as of December 31, 2021 (the "**Loan Agreement**"). Capitalized terms not otherwise defined therein have the same meaning as set forth in the Loan Agreement.

B. Borrower and the Lender desire to amend the Loan Agreement as provided herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Section 6.7 of the Loan Agreement is hereby amended and restated as follows:

6.7 Maximum Funded Debt Ratio. Permit the Funded Debt Ratio of Borrower as calculated for Borrower and its Subsidiaries at the end of each fiscal quarter on a rolling four quarter basis to exceed 2.50 to 1.00.

2. In connection with item 1 above, any and all provisions or definitions related to the "**Funded Debt to Tangible Capital Ratio**" set forth in the Loan Agreement are hereby deleted.

3. The definition of "**EBITDA**" contained in Section 9.1 is hereby amended and restated as

follows:

3.

"**EBITDA**" means (a) Net Income Attributable to Borrower's Shareholders, *plus* (b) to the extent deducted in determining Net Income Attributable to Borrower's Shareholders, and without duplication, the sum of (i) Interest Expense, (ii) income tax expense, (iii) depreciation expense, (iv) amortization expense, (v) Non-Cash Compensation Expense, (vi) cost of products sold associated with the Vibativ Acquisition provided that (x) the inventory was acquired on the acquisition date, and (y) the aggregate amount of such cost of products sold shall not exceed 30% of EBITDA in any measurement period, (vii) the one-time write down of Vibativ inventory recognized in the quarter ending December 31, 2021 in the amount of \$1,100,000, and, as reasonably agreed to by Lender, any additional one-time non-cash adjustments as reported by the Borrower on the Borrower's quarterly "Reconciliation of Net Income (loss) Attributable to Common Shareholders to Adjusted Earnings (loss) ...", and (viii) cost of products sold associated

with the Sancuso Acquisition provided that (x) the work in process and finished goods inventory was acquired on the acquisition date, and (y) the aggregate amount of such cost of products sold shall not exceed 30% of EBITDA in any measurement period. For purposes of calculating EBITDA, EBITDA shall only include EBITDA arising from a permitted Acquisition if Lender is provided with a quality of earnings report related to any such Acquisition reasonably acceptable to Lender. Notwithstanding the foregoing, EBITDA shall include the following amounts for the specified periods related to the Sancuso Acquisition:

Period	Amount
3 months ending 6/30/2021	\$2,001,365
3 months ending 9/30/2021	\$2,001,365
3 months ending 12/31/2021	\$2,001,365

1. The following is hereby added as a new definition under Section 9.1 of the Loan Agreement:

"Sancuso Acquisition" means Borrower's purchase of certain assets related to the manufacture, marketing and sale of the proprietary oncology-supportive care medicine, Sancuso, from Kyowa Kirin, Inc.

2. The Loan Agreement are not amended in any other respect.

3. Borrower reaffirms the terms and provisions of the Loan Documents and agrees that such terms and provisions are valid and binding, enforceable in accordance with its terms and provisions, subject to no defense, counterclaim, or objection.

[signatures commence on following page]

ENTERED INTO as of the date first written above.

BORROWER:

CUMBERLAND PHARMACEUTICALS INC.

By: --



Digitally signed by A.J. Kazimi


DN: cn=A.J. Kazimi, o=Cumberland Pharmaceuticals Inc., ou=CPI,
email=tmajor@cumberlandpharma.

A. . Kazimi, Chief. 'eootv.e=iicer

LENDER:

PINNACLE BANK

By: _____


Mark D. Mattson, Senior Vice President

[Signature Page to Seventh Amendment to Revolving Credit Loan Agreement]

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, A.J. Kazimi, certify that:

- 1 I have reviewed this Form 10-Q of Cumberland 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.

May 13, 2022 By:

/s/ A.J. Kazimi

A.J. Kazimi

Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, John Hamm, certify that:

- 1 I have reviewed this Form 10-Q of Cumberland 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.

May 13, 2022 By:

/s/ John Hamm

John Hamm
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022 of Cumberland Pharmaceuticals Inc. (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, A.J. Kazimi, Chief Executive Officer and John Hamm, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350), that:

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ A. J. Kazimi

A.J. Kazimi
Chief Executive Officer

May 13, 2022

/s/ John Hamm

John Hamm
Chief Financial Officer

May 13, 2022