
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 20, 2018

Recro Pharma, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

001-36329
(Commission
File Number)

26-1523233
(I.R.S. Employer
Identification No.)

490 Lapp Road, Malvern, Pennsylvania
(Address of principal executive offices)

19355
(Zip Code)

Registrant's telephone number, including area code: (484) 395-2470

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement

On December 20, 2018, Recro Pharma, Inc. (the “Company”) and its wholly-owned subsidiary Recro Gainesville LLC (“Recro Gainesville” and, together with the Company, “Recro”) entered into a Second Amendment to the Purchase and Sale Agreement dated March 7, 2015, among the Company, Recro Gainesville, Alkermes Pharma Ireland Limited (“APIL”), Daravita Limited and Alkermes US Holdings, Inc. (as successor to Eagle Holdings USA, Inc.), as amended (such agreement, the “Purchase and Sale Agreement,” and such amendment, the “Purchase and Sale Agreement Amendment”) and a Second Amendment to the Asset Transfer and License Agreement dated April 10, 2015, between Recro Gainesville and APIL, as amended (such agreement, the “License Agreement” and such amendment, the “License Agreement Amendment”). The Purchase and Sale Agreement Amendment and the License Agreement Amendment are referred to herein as the “Amendments”).

Under the terms of the Amendments, the milestone payment of \$45 million previously due to APIL upon approval of a new drug application (“NDA”) for injectable meloxicam under the Purchase and Sale Agreement and the License Agreement is amended and replaced with (i) a \$5 million payment due within 30 days of signing of the Amendments; (ii) a \$5 million payment due by April 23, 2019; (iii) a \$5 million payment due within 180 days following approval of an NDA for injectable meloxicam; and (iv) an additional \$45 million following approval of an NDA for injectable meloxicam, payable in seven equal annual payments of approximately \$6.4 million beginning on the first anniversary of such approval. The combined revised consideration for the amended milestone payment results in a net present value of \$45 million utilizing an approximate discount rate of 11%.

In addition, on December 20, 2018 the Company and APIL entered into a First Amendment to the Warrant to Purchase Stock (the “Warrant Amendment”), pursuant to which the exercise price of the warrant to purchase 350,000 shares of the Company’s common stock, par value \$0.01 per share, originally issued to APIL on April 10, 2015, was decreased to \$8.26 per share, subject to adjustment as set forth therein.

The foregoing descriptions of the Purchase and Sale Agreement Amendment, the License Agreement Amendment and the Warrant Amendment do not purport to be complete and are qualified in their entirety by the terms and conditions of the Purchase and Sale Agreement Amendment, the License Agreement Amendment, and the Warrant Amendment, which are attached hereto as Exhibits 10.1, 10.2 and 4.1, respectively, and incorporated herein by reference.

Item 3.02 Unregistered Sale of Equity Securities

The information in Item 1.01 above with regard to the Warrant Amendment is incorporated in this Item 3.02 by reference. To the extent that the Warrant Amendment constitutes an issuance of securities, the issuance is exempt under the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended.

Item 3.03 Material Modifications to Rights of Security Holders

The information in Item 1.01 above with regard to the Warrant Amendment is incorporated in this Item 3.03 by reference.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

The following exhibits are being filed herewith:

<u>Exhibit No.</u>	<u>Document</u>
4.1	<u>First Amendment to Warrant to Purchase Common Stock, dated December 20, 2018</u>
10.1	<u>Second Amendment to Purchase and Sale Agreement, dated December 20, 2018, by and between Recro Pharma, Inc., Recro Gainesville LLC, Alkermes Pharma Ireland Limited, Daravita Limited and Alkermes US Holdings, Inc.</u>
10.2	<u>Second Amendment to Asset Transfer and License Agreement, dated December 20, 2018, by and between Recro Gainesville LLC and Alkermes Pharma Ireland Limited</u>

SIGNATURES

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

Recro Pharma, Inc.

By: /s/ Gerri A. Henwood

Name: Gerri A. Henwood

Title: Chief Executive Officer

Date: December 28, 2018

FIRST AMENDMENT TO WARRANT TO PURCHASE STOCK

This **FIRST AMENDMENT TO WARRANT TO PURCHASE STOCK** (this “**Amendment**”) is made as of December 20, 2018, by and among Recro Pharma, Inc., a Pennsylvania corporation (the “**Company**”), and Alkermes Pharma Ireland Limited, a private limited company incorporated in Ireland (together with any successor or permitted assignee or transferee of the Warrant, “**Holder**”) to amend that certain Warrant to Purchase Stock issued in favor of the Holder on April 10, 2015 (the “**Warrant**”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Warrant.

WHEREAS, the Company previously issued the Warrant to Holder; and

WHEREAS, the Company and Holder desire to amend the Warrant to adjust the Warrant Price.

NOW, THEREFORE, in consideration of the mutual agreements, covenants and considerations contained herein, the Company and Holder hereby agree as follows:

1. Amendment of Warrant. The Warrant is hereby amended by reducing the Warrant Price (as defined therein) to “\$8.26, subject to adjustment.”
2. Miscellaneous.
 - 2.1. Except as expressly modified by this Amendment, all of the terms and conditions of the Warrant are reaffirmed and shall remain in full force and effect, until such Warrant is exercised and cancelled as provided therein. This Amendment shall not operate as a waiver of any condition or obligation imposed on the parties under the Warrant.
 - 2.2. In the event of any conflict or inconsistency between any provisions of this Amendment and any provision of the Warrant, the provisions of this Amendment shall govern and control.
 - 2.3. This Amendment and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to its principles regarding conflicts of law.
 - 2.4. This Amendment may be executed in counterparts, all of which together shall constitute one and the same agreement.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the day and year first set forth above.

“COMPANY”

RECRO PHARMA, INC.

By: /s/ Ryan Lake
Name: Ryan Lake
Title: Chief Financial Officer

“HOLDER”

ALKERMES PHARMA IRELAND LIMITED

By: /s/ Richie Paul
Name: Richie Paul
Title: Director

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

This Second Amendment to Purchase and Sale Agreement (this "Amendment"), dated December 20, 2018 (the "Amendment Effective Date") by and among Alkermes Pharma Ireland Limited, a private company limited by shares and incorporated in Ireland ("APIL"), Daravita Limited, a private company limited by shares and incorporated in Ireland ("Daravita"), Alkermes US Holdings, Inc. (as successor in interest to Eagle Holdings USA, Inc.), a Delaware corporation (together with APIL, "Sellers"), Recro Pharma, Inc., a Pennsylvania corporation ("Recro") and Recro Gainesville LLC (as successor to Recro Pharma LLC), a Massachusetts limited liability company and wholly-owned subsidiary of Recro ("Recro Gainesville" and, together with Recro, "Purchasers"), amends that certain Purchase and Sale Agreement, dated as of March 7, 2015 and amended on December 8, 2016, by and among Sellers, Daravita and Purchasers (as amended, the "Agreement").

ARTICLE I

AMENDMENT

1.1 Exhibit E. Section 2.1(a) of Exhibit E is hereby deleted in its entirety and replaced with the following:

“(a) Development Milestone Earn-Out Consideration.

(i) The following amounts ("Development Milestone Earn-Out Consideration") shall be payable in accordance with Section 2.8 of the Agreement and this Exhibit E upon achievement of the following events ("Development Milestones") by Purchaser and its Affiliates, licensees and sublicensees, and shall be non-refundable and non-creditable and not subject to deduction or set-off:

(A) Within thirty (30) calendar days following December 20, 2018, Purchaser shall pay to APIL Five Million U.S. Dollars (US\$5,000,000.00) and within thirty (30) calendar days following March 24, 2019, Purchaser shall pay to APIL Five Million U.S. Dollars (US\$5,000,000.00); and (B) the following amounts:

<i>Development Milestone</i>	<i>Amount of Development Milestone Earn-Out Consideration (U.S. Dollars)</i>
Approval of an NDA for the first Earn-Out Product (the " <u>First Approval</u> ")	\$ 5,000,000.00
First anniversary of the First Approval	\$ 6,429,000.00
Second anniversary of the First Approval	\$ 6,429,000.00
Third anniversary of the First Approval	\$ 6,429,000.00
Fourth anniversary of the First Approval	\$ 6,429,000.00
Fifth anniversary of the First Approval	\$ 6,429,000.00
Sixth anniversary of the First Approval	\$ 6,429,000.00
Seventh anniversary of the First Approval	\$ 6,429,000.00

(ii) Purchaser shall notify and pay to APIL (A) the Development Milestone Earn-Out Consideration payable upon the First Approval within one hundred eighty (180) calendar days following the occurrence of the First Approval and (B) each Development Milestone Earn-Out Consideration payment other than the First Approval payment within thirty (30) calendar days after the occurrence of the corresponding Development Milestone. Each payment made pursuant to Section 2.1(a) of this Exhibit E shall be made by wire transfer of immediately available funds to such account or accounts as are designated in writing by APIL.”

ARTICLE II

WARRANT AMENDMENT

2.1 Warrant Amendment. In connection with, and concurrently with the execution of, this Amendment, Recro shall amend that certain Warrant to Purchase Stock, issued by Recro to APIL pursuant to the Agreement on April 10, 2015 (the “Warrant”), so as to modify the Warrant Price (as defined in the Warrant) set forth therein from the current Warrant Price to a warrant price that is equal to 1.2 times the closing price of the common stock of Recro on the trading day immediately prior to the Amendment Effective Date (the Warrant as so amended and re-issued, the “Amended Warrant”) and deliver such Amended Warrant to APIL. Recro and APIL hereby acknowledge and agree that the Amended Warrant, and any shares of common stock of Recro issued upon cashless exercise of the Amended Warrant (together, the “Exchanged Securities”), will be issued to APIL in reliance on the exemption provided by Section 3(a) (9) of the Securities Act of 1933, as amended, and as such, the Exchanged Securities shall assume the characteristics of the Warrant, including without limitation that any holding period applicable to any such Exchanged Securities will be deemed to have started on the original issuance date of the Warrant.

ARTICLE III

GENERAL

3.1 Effect of Amendment. The Agreement is hereby amended as set forth in this Amendment. Except as specifically provided for in this Amendment, all of the terms and conditions of the Agreement shall remain in full force and effect. Each reference in the Agreement to “hereof,” “hereunder” and “this Agreement” shall, from and after the date of this Amendment, refer to the Agreement, as amended by this Amendment. Each reference in the Agreement to the “date of the Agreement” or similar references (such as “to the date hereof”) shall refer to March 7, 2015.

3.2 Related Agreement. The Parties acknowledge and agree that (i) Recro Gainesville and APIL are parties to a certain Asset Transfer and License Agreement, dated as of April 10, 2015, as amended (the “Related Agreement”), pursuant to which Recro Gainesville is obligated to pay APIL the Earn-Out Consideration set forth in Exhibit E to the Agreement, as

amended by this Amendment, which payment obligation is replicated in Exhibit D to the Related Agreement, (ii) on or about the Amendment Effective Date, Recro Gainesville and APIL shall amend Exhibit D to the Related Agreement such that the amendments to the Earn-Out Consideration set forth in this Amendment are mirrored in Exhibit D to the Related Agreement and (iii) the Earn-Out Consideration (set forth in Exhibit E to the Agreement, as amended by this Amendment, and Exhibit D to the Related Agreement, as amended) is to be paid by the Purchasers to APIL only once.

3.3 Miscellaneous Provisions. The provisions of Article XI of the Agreement shall apply *mutatis mutandis* to this Amendment and to the Agreement as modified by this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, this Amendment has been signed by or on behalf of each of the parties set forth below as of the day first above written.

ALKERMES PHARMA IRELAND LIMITED

By: /s/ Richie Paul
Name: Richie Paul
Title: Director

DARAVITA LIMITED

By: /s/ Richie Paul
Name: Richie Paul
Title: Director

ALKERMES US HOLDINGS, INC.

By: /s/ James Frates
Name: James Frates
Title: Director

RECRO PHARMA, INC.

By: /s/ Ryan D. Lake
Name: Ryan D. Lake
Title: Chief Financial Officer

RECRO GAINESVILLE LLC

By: /s/ Ryan D. Lake
Name: Ryan D. Lake
Title: Treasurer

[Signature Page to Second Amendment to Purchase and Sale Agreement]

SECOND AMENDMENT TO ASSET TRANSFER AND LICENSE AGREEMENT

This Second Amendment to Asset Transfer and License Agreement (this "Second Amendment"), dated December 20, 2018, entered into by and between Alkermes Pharma Ireland Limited, a private company limited by shares and incorporated in Ireland ("APIL"), and Recro Gainesville LLC (as successor to DV Technology LLC), a Massachusetts limited liability company ("Recro" or "Purchaser"), amends that certain Asset Transfer and License Agreement, dated as of April 10, 2015 and amended on December 23, 2015, by and among the parties hereto (as so amended, the "Agreement").

RECITALS:

WHEREAS, the Agreement was originally entered into between APIL and DV Technology LLC;

WHEREAS, DV Technology LLC was subsequently merged with and into Recro, and Recro assumed the rights and obligations of DV Technology LLC as "Purchaser" under the Agreement;

WHEREAS, pursuant to the Agreement, Purchaser is obligated to pay to APIL the Earn-Out Consideration set forth in Exhibit D to the Agreement, which Earn-Out Consideration was initially set forth in Exhibit E to that certain Purchase and Sale Agreement, dated as of March 7, 2015, and amended on December 8, 2016, by and among Purchaser (as successor to Recro Pharma LLC), Recro Pharma, Inc., APIL, Alkermes US Holdings, Inc. (as successor in interest to Eagle Holdings USA, Inc.) and Daravita Limited (the "P&S Agreement");

WHEREAS, on or prior to the date hereof, the P&S Agreement was amended to modify certain terms of the Earn-Out Consideration set forth in Exhibit E thereto (such amendment, the "P&S Amendment"); and

WHEREAS, pursuant to Section 4.2(ii) of the P&S Amendment and Section 11 of the Agreement, APIL and Recro now desire to amend the Agreement as set forth herein.

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

ARTICLE I

DEFINITIONS

1.1 Defined Terms. Capitalized terms used but not defined in this Second Amendment shall have the meanings ascribed to them in the Agreement.

ARTICLE II

AMENDMENT

2.1 Exhibit D. Section 2.1(a) of Exhibit D is hereby deleted in its entirety and replaced with the following:

“(a) Development Milestone Earn-Out Consideration.

(i) The following amounts (“Development Milestone Earn-Out Consideration”) shall be payable in accordance with Section 5 of the Agreement and this Exhibit D upon achievement of the following events (“Development Milestones”) by Purchaser and its Affiliates, licensees and sublicensees, and shall be non-refundable and non-creditable and not subject to deduction or set-off:

(A) Within thirty (30) calendar days following December 20, 2018, Purchaser shall pay to APIL Five Million U.S. Dollars (US\$5,000,000.00) and within thirty (30) calendar days following March 24, 2019, Purchaser shall pay to APIL Five Million U.S. Dollars (US\$5,000,000.00); and (B) the following amounts:

<u>Development Milestone</u>	<u>Amount of Development Milestone Earn-Out Consideration (U.S. Dollars)</u>
Approval of an NDA for the first Earn-Out Product (the “ <u>First Approval</u> ”)	\$5,000,000.00
First anniversary of the First Approval	\$6,429,000.00
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Fourth anniversary of the First Approval	\$6,429,000.00
Fifth anniversary of the First Approval	\$6,429,000.00
Sixth anniversary of the First Approval	\$6,429,000.00
Seventh anniversary of the First Approval	\$6,429,000.00

(ii) Purchaser shall notify and pay to APIL (A) the Development Milestone Earn-Out Consideration payable upon the First Approval within one hundred eighty (180) calendar days following the occurrence of the First Approval and (B) each Development Milestone Earn-Out Consideration payment other than the First Approval payment within thirty (30) calendar days after the occurrence of the corresponding Development Milestone. Each payment made pursuant to Section 2.1(a) of this Exhibit D shall be made by wire transfer of immediately available funds to such account or accounts as are designated in writing by APIL.”

ARTICLE III

GENERAL

3.1 Integration; Modification. Except as amended by this Second Amendment, the Agreement shall remain in full force and effect in accordance with its terms. In the event of a conflict between the provisions of the Agreement and those of this Second Amendment, this Second Amendment shall control. This Second Amendment, together with the Agreement,

represent the entire agreement between the parties regarding the subject matter hereof. No amendment or modification of the terms and conditions of this Second Amendment shall be binding on either party hereto unless reduced to a writing referencing this Second Amendment and signed by an authorized representative of the party(ies) to be bound.

3.2 Governing Law. This Second Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any principles, statutory provisions or other rules of choice of law that would require the application of the laws of a different state or country.

3.3 Counterparts. This Second Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which taken together shall constitute one agreement binding on both parties. Signatures provided by facsimile transmission or in PDF or similar digital image format sent by electronic mail shall be deemed to be original signatures.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has caused its duly authorized representative to execute this Second Amendment as of the date first set forth above.

ALKERMES PHARMA IRELAND LIMITED

By /s/ Richie Paul

Name: Richie Paul

Title: Director

RECRO GAINESVILLE LLC

By /s/ Ryan D. Lake

Name: Ryan D. Lake

Title: Treasurer

[Signature Page to Second Amendment to Asset Transfer and License Agreement]