

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 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 June 30, 2019

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 No. 0-23047

**SIGA Technologies, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**31 East 62nd Street**

**New York, NY**

(Address of principal executive offices)

**13-3864870**

(IRS Employer Identification. No.)

**10065**

(zip code)

Registrant's telephone number, including area code: (212) 672-9100

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
common stock, \$.0001 par value	SIGA	The Nasdaq Global 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 and posted 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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No .

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As of July 26, 2019, the registrant had outstanding 81,046,524 shares of common stock, par value \$.0001, per share.

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**SIGA TECHNOLOGIES, INC.**  
**FORM 10-Q**

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**PART I - FINANCIAL INFORMATION****Item 1 - Condensed Consolidated Financial Statements****SIGA TECHNOLOGIES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 100,263,915	\$ 100,652,809
Restricted cash, short-term	11,248,400	11,452,078
Accounts receivable	4,128,216	1,959,133
Inventory	2,390,487	2,908,210
Prepaid expenses and other current assets	3,503,932	4,317,615
<b>Total current assets</b>	<b>121,534,950</b>	<b>121,289,845</b>
Property, plant and equipment, net	2,859,865	171,274
Restricted cash, long-term	64,480,624	68,292,023
Deferred tax assets, net	12,388,524	11,733,385
Goodwill	898,334	898,334
Other assets	929,963	1,058,880
<b>Total assets</b>	<b>\$ 203,092,260</b>	<b>\$ 203,443,741</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,070,926	\$ 1,688,488
Accrued expenses and other current liabilities	10,052,283	9,648,917
<b>Total current liabilities</b>	<b>11,123,209</b>	<b>11,337,405</b>
Warrant liability	7,415,350	12,380,939
Other liabilities	3,321,486	1,263,113
Long-term debt	77,777,748	75,547,597
<b>Total liabilities</b>	<b>99,637,793</b>	<b>100,529,054</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Common stock (\$.0001 par value, 600,000,000 shares authorized, 81,046,524 and 80,763,350 issued and outstanding at June 30, 2019, and December 31, 2018, respectively)	8,105	8,076
Additional paid-in capital	220,770,338	218,697,872
Accumulated deficit	(117,323,976)	(115,791,261)
<b>Total stockholders' equity</b>	<b>103,454,467</b>	<b>102,914,687</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 203,092,260</b>	<b>\$ 203,443,741</b>

The accompanying notes are an integral part of these financial statements.

**SIGA TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
<b>Revenues</b>				
Product sales and supportive services	\$ —	\$ —	\$ 7,142,400	\$ —
Research and development	3,907,611	2,661,216	7,224,295	4,409,150
<b>Total revenues</b>	<b>3,907,611</b>	<b>2,661,216</b>	<b>14,366,695</b>	<b>4,409,150</b>
<b>Operating expenses</b>				
Cost of sales and supportive services	—	—	915,367	—
Selling, general and administrative	3,392,228	2,880,394	6,558,794	5,936,940
Research and development	2,038,323	3,312,181	6,035,604	6,320,007
Patent expenses	182,310	178,332	370,226	396,805
<b>Total operating expenses</b>	<b>5,612,861</b>	<b>6,370,907</b>	<b>13,879,991</b>	<b>12,653,752</b>
<b>Operating (loss) income</b>	<b>(1,705,250)</b>	<b>(3,709,691)</b>	<b>486,704</b>	<b>(8,244,602)</b>
Gain (loss) from change in fair value of warrant liability	656,523	360,285	3,792,788	(2,942,829)
Interest expense	(3,971,031)	(3,843,161)	(7,899,449)	(7,591,979)
Other income, net	737,577	144,152	1,473,706	146,387
<b>Loss before income taxes</b>	<b>(4,282,181)</b>	<b>(7,048,415)</b>	<b>(2,146,251)</b>	<b>(18,633,023)</b>
Benefit (provision) for income taxes	1,119,689	(2,849)	613,536	(497)
<b>Net and comprehensive loss</b>	<b>\$ (3,162,492)</b>	<b>\$ (7,051,264)</b>	<b>\$ (1,532,715)</b>	<b>\$ (18,633,520)</b>
Basic loss per share	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ (0.24)
Diluted loss per share	\$ (0.05)	\$ (0.09)	\$ (0.06)	\$ (0.24)
Weighted average shares outstanding: basic	80,986,524	79,094,320	80,950,124	79,066,768
Weighted average shares outstanding: diluted	82,114,661	81,163,386	82,129,601	79,066,768

**The accompanying notes are an integral part of these financial statements.**

**SIGA TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Six months ended June 30,	
	2019	2018
<b>Cash flows from operating activities:</b>		
Net loss	\$ (1,532,715)	\$ (18,633,520)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and other amortization	265,289	33,929
(Decrease)/increase in fair value of warrant liability	(3,792,788)	2,942,829
Stock-based compensation	956,284	689,721
Deferred income taxes provision benefit	(655,139)	(9,777)
Non-cash interest expense	2,230,153	2,230,153
Changes in assets and liabilities:		
Accounts receivable	(2,169,083)	(219,547)
Inventory	517,724	—
Deferred costs	—	54,776
Prepaid expenses and other current assets	813,682	705,066
Other assets	128,917	—
Accounts payable, accrued expenses and other current liabilities	(1,848,074)	(854,097)
Deferred revenue	1,204,135	(553,755)
Other liabilities	(456,818)	(135,394)
Net cash used in operating activities	(4,338,433)	(13,749,616)
<b>Cash flows from investing activities:</b>		
Capital expenditures	(8,948)	(27,863)
Net cash used in investing activities	(8,948)	(27,863)
<b>Cash flows from financing activities:</b>		
Payment of employee tax obligations for common stock tendered	(56,590)	(12,328)
Net cash used in financing activities	(56,590)	(12,328)
Net decrease in cash, cash equivalents and restricted cash	(4,403,971)	(13,789,807)
Cash, cash equivalents and restricted cash at the beginning of period	180,396,910	37,101,586
Cash, cash equivalents and restricted cash at end of period	\$ 175,992,939	\$ 23,311,779
<b>Supplemental disclosure of non-cash activities:</b>		
Conversion of warrants to common stock	\$ 1,172,801	\$ —
Issuance of common stock upon cashless exercise	\$ 118,500	\$ 105,900

**The accompanying notes are an integral part of these financial statements**

**SIGA TECHNOLOGIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**1. Condensed Consolidated Financial Statements**

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission (the “SEC”) for quarterly reports on Form 10-Q and should be read in conjunction with the Company’s audited financial statements and notes thereto for the year ended December 31, 2018, included in the 2018 Annual Report on Form 10-K. All terms used but not defined elsewhere herein have the meaning ascribed to them in the Company’s 2018 Annual Report on Form 10-K filed on March 5, 2019. In the opinion of management, all adjustments (consisting of normal and recurring adjustments) considered necessary for a fair presentation of the results of the interim periods have been included. The 2018 year-end condensed consolidated balance sheet data were derived from the audited financial statements but do not include all disclosures required by U.S. GAAP. The results of operations for the three and six months ended June 30, 2019 are not necessarily indicative of the results expected for the full year.

**2. Summary of Significant Accounting Policies**

***Adoption of ASC 842***

On January 1, 2019, the Company adopted ASC 842, *Leases* (“ASC 842”) using the modified retrospective approach as of the effective date of the standard without revising prior periods. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward its historical lease classification. In addition, the Company elected the hindsight practical expedient to determine the lease term for existing leases. The Company’s election of the hindsight practical expedient resulted in the extension of the Oregon lease term as it was determined that the first renewal option under this lease was expected to be exercised with a reasonable degree of certainty. In the second quarter of 2019, the Company exercised the first renewal option under the Oregon lease.

The Company was required to record an operating lease right-of-use asset and a corresponding operating lease liability, equal to the present value of the lease payments at the adoption date. In the determination of future lease payments, the Company has elected to aggregate lease components such as payments for rent, taxes and insurance costs with non-lease components such as maintenance costs and account for these payments as a single lease component. The present value of the lease payments was determined using the Company’s incremental borrowing rate. The impact of adopting ASC 842 as of January 1, 2019 was the recording of operating lease right-of-use assets of approximately \$2.9 million; the recording of operating lease liabilities of approximately \$3.3 million; and a decrease to deferred rent of approximately \$0.4 million.

***Revenue Recognition***

All of the Company’s revenue is derived from long-term contracts that span multiple years. The Company accounts for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). A contract’s transaction price is allocated to distinct performance obligations and recognized as revenue when, or as, a performance obligation is satisfied. As of June 30, 2019, the Company’s active performance obligations, for the contracts outlined in [Note 3](#), consist of the following: four performance obligations relate to research and development services; two relate to manufacture and delivery of product; and one is associated with storage of product. The aggregate amount of transaction price allocated to remaining performance obligations for the 2011 BARDA Contract, 2018 BARDA Contract and the IV Formulation R&D Contract was \$59.2 million as of June 30, 2019. Remaining performance obligations represent the transaction price for which work has not been performed and excludes unexercised contract options.

During the three and six months ended June 30, 2019, the Company recognized a cumulative catch-up adjustment to revenue of approximately \$3.3 million related to the conclusion of historical rate reconciliations in connection with the IV Formulation R&D Contract (defined in [Note 3](#)), and changes in the projected amount of contract funding expected to be available under the IV Formulation R&D Contract, which impacts the progress-towards-completion calculation required under ASC 606.

***Contract Balances***

The timing of revenue recognition, billings and cash collections may result in billed accounts receivable, unbilled receivables (contract assets) and customer advances and deposits (contract liabilities) in the condensed consolidated balance sheets. Generally, amounts are billed as work progresses in accordance with agreed-upon contractual terms either at periodic intervals (monthly) or upon achievement of contractual milestones. Under typical payment terms of fixed price arrangements, the customer pays the Company either performance-based payments or progress payments. For the Company’s cost-type arrangements, the customer

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generally pays the Company for its actual costs incurred, as well as its allocated overhead and G&A costs. Such payments occur within a short period of time. When the Company receives consideration, or such consideration is unconditionally due, prior to transferring goods or services to the customer under the terms of a sales contract, the Company records deferred revenue, which represents a contract liability. During the six months ended June 30, 2019, the Company recognized revenue of \$0.5 million that was included in deferred revenue at the beginning of the period.

**Restricted Cash and Cash Equivalents**

Under the terms of the Loan Agreement (as defined below), net cash proceeds from the Company's Priority Review Voucher ("PRV") sale on October 31, 2018 are restricted and are held in a reserve account. Cash held in the reserve account is available to pay interest, fees and principal related to the Term Loan. See Note 8 for additional information. Prior to the second quarter of 2019, there was also a reserve account for certain proceeds of the Loan Agreement. This account was also restricted. Amounts in this reserve account were primarily used to pay interest on the Loan Agreement. This reserve account was closed in the second quarter 2019.

The following tables reconcile cash, cash equivalents and restricted cash per the condensed consolidated statements of cash flows to the condensed consolidated balance sheet for each respective period:

	As of	
	June 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 100,263,915	\$ 100,652,809
Restricted cash-short term	11,248,400	11,452,078
Restricted cash-long term	64,480,624	68,292,023
Cash, cash equivalents and restricted cash	<u>\$ 175,992,939</u>	<u>\$ 180,396,910</u>

  

	June 30, 2018	December 31, 2017
	Cash and cash equivalents	\$ 10,581,112
Restricted cash-short term	11,028,824	10,701,305
Restricted cash-long term	1,701,843	6,542,448
Cash, cash equivalents and restricted cash	<u>\$ 23,311,779</u>	<u>\$ 37,101,586</u>

**Recent Accounting Pronouncements**

On January 26, 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The guidance removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. All other goodwill impairment guidance will remain largely unchanged. Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. The same one-step impairment test will be applied to goodwill at all reporting units, even those with zero or negative carrying amounts. The revised guidance will be applied prospectively, and is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for any impairment tests performed after January 1, 2017. The Company believes the adoption of ASU No. 2017-04 will not have a significant impact on its consolidated financial statements.

**3. Procurement Contracts and Research Agreements****2018 BARDA Contract**

On September 10, 2018, the Company entered into a contract with the U.S. Biomedical Advanced Research and Development Authority ("BARDA") pursuant to which SIGA agreed to deliver up to 1,488,000 courses of oral TPOXX® to the U.S. Strategic National Stockpile ("Strategic Stockpile"), and to manufacture and deliver to the Strategic Stockpile, or store as vendor-managed inventory, up to 212,000 courses of the intravenous (IV) formulation of TPOXX® ("IV TPOXX®"). Additionally, the contract includes funding from BARDA for advanced development of IV TPOXX®, post-marketing activities for oral and IV TPOXX®, and supportive procurement activities. The contract with BARDA (as amended, modified, or supplemented from time to time, the "2018 BARDA Contract") contemplates, as of June 30, 2019, up to approximately \$600.1 million of payments, of which approximately \$51.7 million of payments are included within the base period of performance of five years, approximately \$23.4 million of payments are related to exercised options and up to approximately \$525.0 million of payments are currently classified as unexercised options. BARDA may choose in its sole discretion when, or whether, to exercise any of the unexercised options.



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The period of performance for options is up to ten years from the date of entry into the 2018 BARDA Contract and such options could be exercised at any time during the contract term, including during the base period of performance. On May 20, 2019, an option for the manufacture and delivery of 363,070 courses of oral TPOXX® was modified to divide it into four procurement-related options. One of the four new procurement-related options provides for the payment of \$11.2 million for the procurement of raw materials to be used in the manufacture of at least 363,070 courses of oral TPOXX®. This new option was exercised simultaneously with the aforementioned modification. Each of the other three new options individually specifies the delivery of approximately 121,000 courses of oral TPOXX® for consideration of approximately \$34.0 million. In total, the four new options provide for the manufacture and delivery of 363,070 courses of oral TPOXX® for consideration of approximately \$112.5 million. The option modification did not change the overall total potential value of the 2018 BARDA Contract, nor did it change the total amount to be paid in connection with the manufacture and delivery of oral TPOXX® courses.

The base period of performance provides for potential payments of approximately \$51.7 million for the following activities: payments of approximately \$11.1 million for the delivery of approximately 35,700 courses of oral TPOXX® to the Strategic Stockpile; payments of \$8.0 million for the manufacture of 20,000 courses of final drug product of IV TPOXX® ("IV FDP"), of which \$3.2 million of payments are related to the manufacture of bulk drug substance ("IV BDS") to be used in the manufacture of IV FDP; payments of approximately \$32.0 million to fund advanced development of IV TPOXX®; and payments of approximately \$0.6 million for supportive procurement activities. As of June 30, 2019, the Company had received \$7.1 million for the first quarter 2019 delivery of approximately 23,000 courses of oral TPOXX® to the Strategic Stockpile and \$3.2 million for the manufacture of IV BDS. IV BDS is expected to be used for the manufacture of 20,000 courses of IV FDP. The \$3.2 million received in 2018 for the manufacture of IV BDS has been recorded as deferred revenue as of December 31, 2018 and June 30, 2019.

The options that have been exercised to date provide for potential payments up to approximately \$23.4 million. There are exercised options for the following activities: payments up to \$11.2 million for the procurement of raw materials to be used in the manufacture of at least 363,070 courses of oral TPOXX®; and, payments of up to \$12.2 million for funding of post-marketing activities for oral TPOXX®.

Unexercised options provide for potential payments up to approximately \$525.0 million in total (if all such options are exercised). There are options for the following activities: payments of up to \$439.0 million for the delivery of up to approximately 1,452,300 courses of oral TPOXX® to the Strategic Stockpile; payments of up to \$76.8 million for the manufacture of up to 192,000 courses of IV FDP, of which up to \$30.7 million of payments would be paid upon the manufacture of IV BDS to be used in the manufacture of IV FDP; payments of up to approximately \$3.6 million to fund post-marketing activities for IV TPOXX®; and payments of up to approximately \$5.6 million for supportive procurement activities.

The options related to IV TPOXX® are divided into two primary manufacturing steps. There are options related to the manufacture of bulk drug substance ("IV BDS Options"), and there are corresponding options (for the same number of IV courses) for the manufacture of final drug product ("IV FDP Options"). BARDA may choose to exercise any, all, or none of these options in its sole discretion. The 2018 BARDA Contract includes: three separate IV BDS Options, each providing for the bulk drug substance equivalent of 64,000 courses of IV TPOXX®; and three separate IV FDP Options, each providing for 64,000 courses of final drug product of IV TPOXX®. BARDA has the sole discretion on whether to simultaneously exercise IV BDS Options and IV FDP Options, or whether to make independent exercise decisions. If BARDA decides to only exercise IV BDS Options, then the Company would receive payments up to \$30.7 million; alternatively, if BARDA decides to exercise both IV BDS Options and IV FDP Options, then the Company would receive payments up to \$76.8 million. For each set of options relating to a specific group of courses (for instance, the IV BDS and IV FDP options that reference the same 64,000 courses), BARDA has the option to independently purchase IV BDS or IV FDP.

### **2011 BARDA Contract**

On May 13, 2011, the Company signed a contract with BARDA pursuant to which BARDA agreed to buy from the Company 1.7 million courses of oral TPOXX®. Additionally, the Company agreed to contribute to BARDA 300,000 courses at no additional cost to BARDA.

The contract with BARDA (as amended, modified, or supplemented from time to time, the "2011 BARDA Contract") includes a base contract, as modified, ("2011 Base Contract") as well as options. The 2011 Base Contract provides for approximately \$508.7 million of payments, of which as of June 30, 2019, \$459.8 million had been received by the Company for the manufacture and delivery of 1.7 million courses of oral TPOXX® and \$44.5 million had been received for certain reimbursements in connection with development and supportive activities. Approximately \$4.2 million remains eligible to be received in the future for reimbursements of development and supportive activities.

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For courses of oral TPOXX® that were physically delivered to the Strategic Stockpile under the 2011 BARDA Contract, there are product replacement obligations, including: (i) a product replacement obligation in the event that the final version of oral TPOXX® approved by the FDA was different from any courses of oral TPOXX® that had been delivered to the Strategic Stockpile (the “FDA Approval Replacement Obligation”); (ii) a product replacement obligation, at no cost to BARDA, in the event that oral TPOXX® is recalled or deemed to be recalled for any reason; and (iii) a product replacement obligation in the event that oral TPOXX® does not meet any specified label claims. On July 13, 2018, the FDA approved oral TPOXX® for the treatment of smallpox and there is no difference between the approved product and courses in the Strategic Stockpile. As such, the possibility of the FDA Approval Replacement Obligation resulting in any future replacements of product within the Strategic Stockpile is remote.

The 2011 BARDA Contract includes options. On July 30, 2018, the 2011 BARDA Contract was modified and BARDA exercised its option relating to FDA approval of 84-month expiry for oral TPOXX® for which the Company was paid \$50.0 million in August 2018. With the option exercise, the 2011 BARDA Contract was modified so that the 2011 Base Contract increased by \$50.0 million. Remaining options, if all were exercised by BARDA, would result in aggregate payments to the Company of \$72.7 million, including up to \$58.3 million of funding for development and supportive activities such as work on a post-exposure prophylaxis (“PEP”) indication for TPOXX® and/or \$14.4 million of funding for production-related activities related to warm-base manufacturing. BARDA may choose, in its sole discretion not to exercise any or all of the unexercised options.

The 2011 BARDA Contract expires in September 2020.

**Research Agreements and Grants**

The Company has an R&D program for IV TPOXX®. This program is funded by the 2018 BARDA Contract and a development contract with BARDA (“IV Formulation R&D Contract”). The IV Formulation R&D Contract has a period of performance that terminates on December 30, 2020. As of June 30, 2019, the IV Formulation R&D Contract provides for future aggregate research and development funding of approximately \$4.4 million.

In July 2019, the Company was awarded a multi-year research contract valued at a total of \$19.5 million, with an initial award of \$12.4 million, from the United States Department of Defense (“DoD”) to support work in pursuit of a potential label expansion for oral TPOXX® that would include post-exposure prophylaxis (“PEP”) of smallpox (such work known as the “PEP Label Expansion Program” and the contract referred to as the “PEP Label Expansion R&D Contract”). The term of the initial award is five years.

Contracts and grants include, among other things, options that may or may not be exercised at the U.S. Government’s discretion. Moreover, contracts and grants contain customary terms and conditions including the U.S. Government’s right to terminate or restructure a contract or grant for convenience at any time. As such, we may not be eligible to receive all available funds.

**4. Inventory**

Inventory includes costs related to the manufacture of TPOXX®. Inventory consisted of the following:

	As of	
	June 30, 2019	December 31, 2018
Work in-process	\$ 2,322,266	\$ 1,950,445
Finished goods	68,221	957,765
Inventory	\$ 2,390,487	\$ 2,908,210

**5. Property, Plant and Equipment**

Property, plant and equipment consisted of the following:

	As of	
	June 30, 2019	December 31, 2018
Leasehold improvements	\$ 2,420,028	\$ 2,420,028
Computer equipment	581,653	618,248
Furniture and fixtures	377,859	377,859
Operating lease right-of-use assets	2,944,932	—
	6,324,472	3,416,135
Less - accumulated depreciation and amortization	(3,464,607)	(3,244,861)
Property, plant and equipment, net	\$ 2,859,865	\$ 171,274

Depreciation and amortization expense on property, plant, and equipment was \$127,566 and \$4,139 for the three months ended June 30, 2019 and 2018, respectively, and \$265,289 and \$33,929 for the six months ended June 30, 2019 and 2018, respectively.

**6. Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consisted of the following:

	As of	
	June 30, 2019	December 31, 2018
Bonus	\$ 1,414,720	\$ 2,600,839
Deferred revenue	5,364,080	4,159,946
Interest payable	965,133	35,567
Lease liability, current portion	405,244	—
Research and development vendor costs	260,276	1,446,410
Professional fees	535,944	242,043
Vacation	354,206	294,794
Other	752,680	869,318
Accrued expenses and other current liabilities	\$ 10,052,283	\$ 9,648,917

**7. Financial Instruments****2016 Warrant**

On September 2, 2016, in connection with the entry into the Loan Agreement (see [Note 8](#) for additional information), the Company issued a warrant (the “Warrant”) to the Lender to purchase a number of shares of the Company’s common stock equal to \$4.0 million divided by the lower of (i) \$2.29 per share and (ii) the subscription price paid in connection with the Rights Offering. The Warrant provides for weighted average anti-dilution protection and is exercisable in whole or in part for ten (10) years from the date of issuance. The per share subscription price paid was \$1.50 in connection with the Rights Offering; accordingly, the exercise price of the Warrant was set at \$1.50 per share, and there were 2.7 million shares underlying the Warrant. Subsequent to partial exercises of the Warrant, there are approximately 1.5 million shares underlying the Warrant as of June 30, 2019.

The Company accounted for the Warrant in accordance with the authoritative guidance which requires that free-standing derivative financial instruments with certain anti-dilution and cash settlement features be classified as assets or liabilities at the time of the transaction, and recorded at their fair value. Any changes in the fair value of the derivative instruments are reported in earnings or loss as long as the derivative contracts are classified as assets or liabilities. Accordingly, the Company classified the Warrant as a liability and reports the change in fair value in the statement of operations.

As of June 30, 2019, the fair value of the Warrant was \$7.4 million. The fair value of the liability-classified Warrant was calculated using the following assumptions: risk free interest rate of 1.88%; no dividend yield; an expected life of 7.17 years; and a volatility factor of 65%.

## 8. Debt

On September 2, 2016, the Company entered into a loan and security agreement (as amended from time to time, the “Loan Agreement”) with OCM Strategic Credit SIGTEC Holdings, LLC (“Lender”), pursuant to which the Company received \$80.0 million (less fees and other items) on November 16, 2016 having satisfied certain pre-conditions. Such \$80.0 million had been placed in an escrow account on September 30, 2016 (the “Escrow Funding Date”). Prior to the Escrow Release Date (November 16, 2016), the Company did not have access to, or any ownership interest in, the escrow account. Until the Escrow Release Date occurred, the Company did not have an obligation to make any payments under the Loan Agreement, no security was granted under the Loan Agreement and no affirmative or negative covenants or events of default were effective under the Loan Agreement. Amounts were held in the escrow account until the satisfaction of certain conditions including the closing of the Rights Offering (see [Note 7](#)) on November 16, 2016. As part of the satisfaction of the PharmAthene claim, funds were released from the escrow account (the date on which such transfer occurred, the “Escrow Release Date”).

The Loan Agreement provides for a first-priority senior secured term loan facility in the aggregate principal amount of \$80.0 million (the “Term Loan”), of which (i) \$25.0 million was placed in a reserve account (the “Reserve Account”) only to be utilized to pay interest on the Term Loan as it becomes due; (ii) an additional \$5.0 million was also placed in the Reserve Account and up to the full amount of such \$5.0 million was eligible to be withdrawn after June 30, 2018 upon the satisfaction of certain conditions, provided that any of such amount is required to fund any interest to the extent any interest in excess of the aforementioned \$25.0 million is due and owing and any of such \$5.0 million remains in the Reserve Account; and (iii) \$50.0 million (net of fees and expenses then due and owing to the Lender) was paid as part of the final payment to satisfy a litigation claim. Interest on the Term Loan is at a per annum rate equal to the Adjusted LIBOR rate plus 11.5%, subject to adjustments as set forth in the Loan Agreement. At June 30, 2019, the effective interest rate on the Term Loan, which includes interest payments and accretion of unamortized costs and fees, was 19.3%. The Company incurred approximately \$4.0 million of interest expense during the three months ended June 30, 2019, of which \$1.1 million accreted to the Term Loan balance. On July 12, 2018, upon confirmation that there had been no events of default, \$5 million was withdrawn by the Company from the Reserve Account and was placed in the Company's cash operating account. On October 31, 2018, the Loan Agreement was amended to expand the definition of permitted dispositions to include a sale of the PRV. In connection with the amendment, net cash proceeds from the sale of the PRV ( \$78.3 million) were placed in a restricted cash account; such restricted account is to be used only for interest, fees and principal payments (other than those in connection with an event of default) related to the Term Loan. The cash balance in the restricted account was increased to \$100.5 million as of July 24, 2019, in connection with an amendment to the Term Loan that allows the Company to diversify the financial institutions at which its remaining unrestricted cash and cash equivalents can be held. The balance in the restricted account represents an approximation of total payments that would be required pursuant to the Term Loan if it were to remain outstanding until its maturity.

The Term Loan matures on the earliest to occur of (i) the four-year anniversary of the Escrow Release Date, which will be November 16, 2020, and (ii) the acceleration of certain obligations pursuant to the Loan Agreement. At maturity, \$80.0 million of principal will be repaid, and an additional \$4.0 million will be paid (see below). Prior to maturity, there are no scheduled principal payments.

Through the three and one-half year anniversary of the Escrow Release Date, which will be May 16, 2020, any prepayment of the Term Loan is subject to a make-whole provision in which interest payments related to the prepaid amount are due (subject to a discount of treasury rate plus 0.50%).

In connection with the Term Loan, the Company has granted the Lender a lien on and security interest in all of the Company's right, title and interest in substantially all of the Company's tangible and intangible assets, including all intellectual property.

The Loan Agreement contains customary representations and warranties and customary affirmative and negative covenants. These covenants, among other things, require a minimum unrestricted cash balance throughout the term of the Term Loan and the achievement of regulatory milestones by certain dates, and contain certain limitations on the ability of the Company to incur unreimbursed research and development expenditures over a certain threshold, make capital expenditures over a certain threshold, incur indebtedness, dispose of assets outside of the ordinary course of business, make cash distributions and enter into certain merger or consolidation transactions. The minimum unrestricted cash requirement was \$5.0 million until August 27, 2018 (45 days after FDA approval of oral TPOXX®), at which point the minimum unrestricted cash requirement became \$20.0 million.

The Loan Agreement includes customary events of default, including, among others: (i) non-payment of amounts due thereunder, (ii) the material inaccuracy of representations or warranties made thereunder, (iii) non-compliance with covenants thereunder, (iv) non-payment of amounts due under, or the acceleration of, other material indebtedness of the Company and (v) bankruptcy or insolvency events. Upon the occurrence and during the continuance of an event of default under the Loan Agreement, the interest

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rate may increase by 2.00% per annum above the rate of interest otherwise in effect, and the Lenders would be entitled to accelerate the maturity of the Company's outstanding obligations thereunder.

As of June 30, 2019, the Company was in compliance with the Loan Agreement covenants.

In connection with the Loan Agreement, the Company incurred \$8.2 million of costs (including interest on amounts held in the escrow account between September 30, 2016 and November 15, 2016). Furthermore, an additional \$4.0 million will become payable when principal of the Term Loan is repaid. As part of the Company's entry into the Loan Agreement, the Company issued the Warrant (see [Note 7](#)) with a fair market value of \$5.8 million. The fair value of the Warrant, as well as costs related to the Term Loan issuance, were recorded as deductions to the Term Loan balance on the Balance Sheet. These amounts are being amortized on a straight-line basis over the life of the related Term Loan. The Company compared the amortization under the effective interest method with the straight-line basis and determined the results were not materially different. The \$4.0 million that will be paid when principal is repaid is being accreted to the Term Loan balance.

### 9. Fair Value of Financial Instruments

The carrying value of cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses and other current liabilities approximates fair value due to the relatively short maturity of these instruments. Common stock warrants which are classified as a liability are recorded at their fair market value as of each reporting period.

The measurement of fair value requires the use of techniques based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations where inputs are observable or where significant value drivers are observable.
- Level 3 – Instruments where significant value drivers are unobservable to third parties.

The Company uses model-derived valuations where certain inputs are unobservable to third parties to determine the fair value of certain common stock warrants on a recurring basis and classifies such liability-classified warrants in Level 3. As described in [Note 7](#), the fair value of the liability classified warrant was \$7.4 million at June 30, 2019.

At June 30, 2019, the fair value of the debt was \$86.6 million and the carrying value of the debt was \$77.8 million. The Company used a discounted cash flow model to estimate the fair value of the debt by applying a discount rate to future payments expected to be made as set forth in the Loan Agreement. The fair value of the loan was measured using Level 3 inputs. The discount rate was determined using market participant assumptions.

There were no transfers between levels of the fair value hierarchy for the six months ended June 30, 2019. In addition, there were no Level 1 or Level 2 financial instruments as of June 30, 2019 and December 31, 2018.

The following table presents changes in the liability-classified warrant measured at fair value using Level 3 inputs:

	<b>Fair Value Measurements of Level 3 liability-classified warrant</b>	
Warrant liability at December 31, 2018	\$	12,380,939
Decrease in fair value of warrant liability		(3,792,788)
Exercise of warrants		(1,172,801)
Warrant liability at June 30, 2019	\$	7,415,350

## 10. Per Share Data

The Company computes, presents and discloses earnings per share in accordance with the authoritative guidance which specifies the computation, presentation and disclosure requirements for earnings per share of entities with publicly held common stock or potential common stock. The objective of basic EPS is to measure the performance of an entity over the reporting period by dividing income (loss) by the weighted average shares outstanding. The objective of diluted EPS is consistent with that of basic EPS, except that it also gives effect to all potentially dilutive common shares outstanding during the period.

The following is a reconciliation of the basic and diluted loss per share computation:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net loss for basic earnings per share	\$ (3,162,492)	\$ (7,051,264)	\$ (1,532,715)	\$ (18,633,520)
Less: Change in fair value of warrants	656,523	360,285	3,792,788	—
Net loss, adjusted for change in fair value of warrants for diluted earnings per share	\$ (3,819,015)	\$ (7,411,549)	\$ (5,325,503)	\$ (18,633,520)
Weighted-average shares	80,986,524	79,094,320	80,950,124	79,066,768
Effect of potential common shares	1,128,137	2,069,066	1,179,477	—
Weighted-average shares: diluted	82,114,661	81,163,386	82,129,601	79,066,768
Loss per share: basic	\$ (0.04)	\$ (0.09)	\$ (0.02)	\$ (0.24)
Loss per share: diluted	\$ (0.05)	\$ (0.09)	\$ (0.06)	\$ (0.24)

For the three and six months ended June 30, 2019, the diluted earnings per share calculation reflects the effect of the assumed exercise of outstanding warrants and any corresponding elimination of the impact included in operating results from the change in fair value of the warrants. Weighted-average diluted shares include the dilutive effect of warrants. The dilutive effect of warrants is calculated based on the average share price for each fiscal period using the treasury stock method.

The Company incurred losses for the three and six months ended June 30, 2019 and 2018 and as a result, the equity instruments listed below were excluded from the calculation of diluted earnings (loss) per share as the effect of the exercise, conversion or vesting of such instruments would be anti-dilutive. The weighted average number of equity instruments excluded consisted of:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Stock Options	352,015	1,038,071	364,444	1,050,202
Stock-Settled Stock Appreciation Rights	—	160,939	3,359	161,662
Restricted Stock Units (1)	527,082	1,473,155	518,295	1,472,581
Warrant	—	—	—	2,690,950

(1) Includes as of June 30, 2018, 294,118 restricted stock units that had vested but not converted into common stock. As of June 30, 2019, all equity instruments, other than shares related to the Warrant, are unvested.

The appreciation of each stock-settled stock appreciation right was capped at a determined maximum value. As a result, the weighted average number shown in the table above for stock-settled stock appreciation rights reflects the weighted average maximum number of shares that could be issued.

## 11. Commitments and Contingencies

From time to time, we may be involved in a variety of claims, suits, investigations and proceedings arising from the ordinary course of our business, collections claims, breach of contract claims, labor and employment claims, tax and other matters. Although such claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, we believe that the resolution of such current pending matters, if any, will not have a material adverse effect on our business, consolidated

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financial position, results of operations or cash flow. Regardless of the outcome, litigation can have an adverse impact on us because of legal costs, diversion of management resources and other factors.

*Purchase Commitments*

In the course of our business, the Company regularly enters into agreements with third party organizations to provide contract manufacturing services and research and development services. Under these agreements, the Company issues purchase orders which obligate the Company to pay a specified price when agreed-upon services are performed. Commitments under the purchase orders do not exceed our planned commercial and research and development needs.

**12. Related Party Transactions**

*Board of Directors and Outside Counsel*

A member of the Company's Board of Directors is a member of the Company's outside counsel. During the three months ended June 30, 2019 and 2018, the Company incurred expenses of \$122,309 and \$112,500, respectively, related to services provided by the outside counsel. During the six months ended June 30, 2019 and 2018, the Company incurred expenses of \$235,353 and \$220,000, respectively, related to services provided by the outside counsel. On June 30, 2019 the Company's outstanding payables and accrued expenses included an approximate \$83,664 liability to the outside counsel.

*Board of Directors-Consulting Agreement*

On October 13, 2018, the Company, entered into a consulting agreement with Dr. Eric A. Rose, a member, and former Executive Chairman, of the Company's Board of Directors. Under the agreement, the consulting services will include assisting the Company on expanded indications for TPOXX® and other business development opportunities as requested by the Company. The term of the agreement is for two years, with compensation for such services at an annual rate of \$200,000. During the three months ended June 30, 2019, the Company incurred \$50,000 related to services under this agreement. During the six months ended June 30, 2019, the Company incurred \$100,000 related to services under this agreement. As of June 30, 2019, the Company's outstanding payables and accrued expenses included a \$50,000 liability associated with this agreement.

*Real Estate Leases*

On May 26, 2017 the Company and MacAndrews & Forbes Incorporated ("M&F") entered into a ten-year Office Lease agreement (the "New HQ Lease"), pursuant to which the Company agreed to lease 3,200 square feet at 31 East 62<sup>nd</sup> Street, New York, New York. The Company is utilizing premises leased under the New HQ Lease as its new corporate headquarters. The Company's rental obligations consist of a fixed rent of \$25,333 per month in the first sixty-three months of the term, subject to a rent abatement for the first six months of the term. From the first day of the sixty-fourth month of the term through the expiration or earlier termination of the lease, the Company's rental obligations consist of a fixed rent of \$29,333 per month. In addition to the fixed rent, the Company will pay a facility fee in consideration of the landlord making available certain ancillary services, commencing on the first anniversary of entry into the lease. The facility fee will be \$3,333 per month for the second year of the term and increasing by five percent each year thereafter, to \$4,925 per month in the final year of the term.

On July 31, 2017, the Company and M&F entered into a Termination of Sublease Agreement (the "Old HQ Sublease Termination Agreement"), pursuant to which the Company and M&F agreed to terminate the sublease dated January 9, 2013 for 6,676 square feet of rental square footage located at 660 Madison Avenue, Suite 1700, New York, New York (such sublease being the "Old HQ Sublease" and the location being the "Old HQ").

Effectiveness of the Old HQ Sublease Termination Agreement was conditioned upon the commencement of a sublease for the Old HQ between M&F and a new subtenant (the "Replacement M&F Sublease"), which occurred on August 2, 2017. The Old HQ Sublease Termination Agreement obligates the Company to pay, on a monthly basis, an amount equal to the discrepancy (the "Rent Discrepancy") between the sum of certain operating expenses and taxes ("Additional Rent") and fixed rent under the overlease between M&F and the landlord at 660 Madison Avenue and the sum of Additional Rent and fixed rent under the Replacement M&F Sublease. Under the Old HQ Sublease Termination Agreement, the Company and M&F release each other from any liability under the Old HQ Sublease.

Under the Old HQ Sublease, the Company was obligated to pay fixed rent of approximately \$60,000 per month until August 2018 and approximately \$63,400 per month thereafter until the Old HQ Sublease expiration date of August 31, 2020. Additionally, the Company was obligated to pay certain operating expenses and taxes ("Additional Rent"), such Additional Rent being specified in the overlease between M&F and the landlord at 660 Madison Avenue (the "Old HQ Overlease").

Under the Replacement M&F Sublease, the subtenant's rental obligations were excused for the first two (2) months of the lease term ("Rent Concession Period"). Thereafter, the subtenant was obligated to pay fixed rent of \$36,996 per month for the first



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twelve (12) months, and is obligated to pay \$37,831 per month for the next 12 months, and \$38,665 per month until the scheduled expiration of the Replacement M&F Sublease on August 24, 2020. In addition to fixed rent, the subtenant is also obligated to pay, pursuant to the Replacement M&F Sublease, a portion of the Additional Rent specified in the Old HQ Overlease.

For the time period between August 2, 2017 and August 31, 2020 (the expiration date of the Old HQ Sublease), the Company estimates that it will pay a total of approximately \$0.9 million combined in fixed rent and additional amounts payable under the New HQ Lease and a total of approximately \$1.1 million in Rent Discrepancy under the Old HQ Sublease Termination Agreement, for a cumulative total of \$2.0 million. In contrast, fixed rent and estimated Additional Rent under the Old HQ Sublease, for the aforementioned time period, would have been a total of approximately \$2.4 million if each of the New HQ Lease, Replacement M&F Sublease and Old HQ Sublease Termination Agreement had not been entered into by each of the parties thereto. Because amounts such as operating expenses and taxes may vary, the foregoing totals can only be estimated at this time and are subject to change.

As a result of the above-mentioned transactions, the Company discontinued usage of Old HQ in the third quarter of 2017. As such, during the year ended December 31, 2017 the Company recorded a loss of approximately \$1.1 million in accordance with Accounting Standards Codification (“ASC”) 420, *Exit or Disposal Obligations*. This loss primarily represented the discounted value of estimated Rent Discrepancy payments to occur in the future, and included costs related to the termination of the old HQ Sublease. The Company also wrote-off approximately \$0.1 million of leasehold improvements and furniture and fixtures related to the Old HQ.

The following table summarizes activity relating to the liability that was recorded as a result of the lease termination:

	<b>Lease Termination liability</b>
Balance at December 31, 2018	\$ 509,937
Charges (included in selling, general and administrative expenses)	19,208
Cash payments, net of sublease income	(175,749)
Balance at June 30, 2019	\$ 353,396

As of June 30, 2019, approximately \$0.1 million of the lease termination liability is included in Other liabilities on the condensed consolidated balance sheet with the remainder included in Accrued expenses and other current liabilities.

### 13. Income Taxes

The Company’s provision for income taxes consists of federal and state taxes, as applicable, in amounts necessary to align the Company’s year-to-date tax provision with the effective rate that it expects to achieve for the full year. Each quarter the Company updates its estimate of the annual effective tax rate and records cumulative adjustments as necessary.

The effective tax rate for the three months ended June 30, 2019 was 26.15% compared to (0.04)% in the comparable prior period. The effective tax rate for the three months ended June 30, 2019 differs from the U.S. statutory rate of 21% primarily as a result of non-deductible executive compensation under IRC Section 162(m) and a non-taxable adjustment for the fair market value of the Warrant.

The effective tax rate for the six months ended June 30, 2019 was 28.59% compared to 0% in the comparable prior period. The effective tax rate for the six months ended June 30, 2019 differs from the U.S. statutory rate of 21% primarily as a result of non-deductible executive compensation under IRC Section 162(m) and a non-taxable adjustment for the fair market value of the Warrant.

### 14. Equity

The tables below present changes in stockholder's equity for the three and six months ended June 30, 2019 and 2018.



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	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
<b>Balances at March 31, 2019</b>	80,941,524	\$ 8,094	\$ 220,222,959	\$ (114,161,484)	\$ —	\$ 106,069,569
Net loss	—	—	—	(3,162,492)	—	(3,162,492)
Issuance of common stock upon vesting of RSUs	105,000	11	(11)	—	—	—
Stock-based compensation	—	—	547,390	—	—	547,390
<b>Balances at June 30, 2019</b>	<u>81,046,524</u>	<u>\$ 8,105</u>	<u>\$ 220,770,338</u>	<u>\$ (117,323,976)</u>	<u>\$ —</u>	<u>\$ 103,454,467</u>

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
<b>Balances at December 31, 2018</b>	80,763,350	\$ 8,076	\$ 218,697,872	\$ (115,791,261)	\$ —	\$ 102,914,687
Net loss	—	—	—	(1,532,715)	—	(1,532,715)
Issuance of common stock upon exercise of stock options	9,769	1	(1)	—	—	—
Issuance of common stock upon vesting of RSUs and exercise of stock-settled appreciation rights	121,771	13	(13)	—	—	—
Issuance of common stock upon exercise of warrants	159,782	16	1,172,785	—	—	1,172,801
Payment of common stock tendered for employee stock-based compensation tax obligations	(8,148)	(1)	(56,589)	—	—	(56,590)
Stock-based compensation	—	—	956,284	—	—	956,284
<b>Balances at June 30, 2019</b>	<u>81,046,524</u>	<u>\$ 8,105</u>	<u>\$ 220,770,338</u>	<u>\$ (117,323,976)</u>	<u>\$ —</u>	<u>\$ 103,454,467</u>

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Total Stockholders' Deficiency
	Shares	Amount				
<b>Balances at March 31, 2018</b>	79,039,000	\$ 7,904	\$ 214,556,941	\$ (549,181,345)	\$ —	\$ (334,616,500)
Net loss	—	—	—	(7,051,264)	—	(7,051,264)
Issuance of common stock upon exercise of stock options	13,037	1	(1)	—	—	—
Issuance of common stock upon vesting of RSUs and exercise of stock-settled appreciation rights	109,795	11	(11)	—	—	—
Payment of common stock tendered for employee stock-based compensation tax obligations	(1,774)	—	(12,328)	—	—	(12,328)
Stock-based compensation	—	—	362,361	—	—	362,361
<b>Balances at June 30, 2018</b>	<u>79,160,058</u>	<u>\$ 7,916</u>	<u>\$ 214,906,962</u>	<u>\$ (556,232,609)</u>	<u>\$ —</u>	<u>\$ (341,317,731)</u>

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	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Total Stockholders' Deficiency
	Shares	Amount				
<b>Balances at December 31, 2017</b>	79,039,000	\$ 7,904	\$ 214,229,581	\$ (537,375,776)	\$ —	\$ (323,138,291)
Net loss	—	—	—	(18,633,520)	—	(18,633,520)
Issuance of common stock upon exercise of stock options	13,037	1	(1)	—	—	—
Issuance of common stock upon vesting of RSUs and exercise of stock-settled appreciation rights	109,795	11	(11)	—	—	—
Payment of common stock tendered for employee stock-based compensation tax obligations	(1,774)	—	(12,328)	—	—	(12,328)
Cumulative effect of accounting change	—	—	—	(223,313)	—	(223,313)
Stock-based compensation	—	—	689,721	—	—	689,721
<b>Balances at June 30, 2018</b>	<u>79,160,058</u>	<u>\$ 7,916</u>	<u>\$ 214,906,962</u>	<u>\$ (556,232,609)</u>	<u>\$ —</u>	<u>\$ (341,317,731)</u>

**15. Leases**

The Company leases its Corvallis, Oregon, facilities and office space under an operating lease which was signed on November 3, 2017 and commenced on January 1, 2018. The initial term of this lease was to expire on December 31, 2019 after which the Company has two successive renewal options; one for two years and the other for three years. In the second quarter of 2019, the Company exercised the first renewal option, which extended the lease expiration date to December 31, 2021.

On May 26, 2017 the Company and M&F entered into a ten-year office lease agreement (the “New HQ Lease”), pursuant to which the Company agreed to lease 3,200 square feet in New York, New York. The Company is utilizing premises leased under the New HQ Lease as its corporate headquarters. The Company has no leases that qualify as finance leases.

Operating lease costs totaled \$0.1 million and \$0.1 million for the three months ended June 30, 2019 and 2018, respectively, and \$0.3 million and \$0.3 million for the six months ended June 30, 2019 and 2018, respectively. Cash paid for amounts included in the measurement of lease liabilities from operating cash flows were \$0.1 million and \$0.1 million for the three months ended June 30, 2019 and 2018, respectively, and \$0.3 million and \$0.3 million for the six months ended June 30, 2019 and 2018, respectively. As of June 30, 2019, the weighted-average remaining lease term of the Company’s operating leases was 6.62 years while the weighted-average discount rate was 4.53%.

Future undiscounted cash flows under operating leases as of June 30, 2019 are expected to be as follows:

2019	\$ 292,613
2020	591,108
2021	600,362
2022	368,467
2023	402,078
Thereafter	1,387,139
<b>Total undiscounted cash flows under leases</b>	<u>3,641,767</u>
Less: Imputed interest	(551,116)
<b>Present value of lease liabilities</b>	<u>\$ 3,090,651</u>

As of June 30, 2019, approximately \$2.7 million of the lease liability is included in Other liabilities on the condensed consolidated balance sheet with the current portion included in accrued expenses.

As previously disclosed in the Company's 2018 Annual Report on Form 10-K and pursuant to ASC 840, *Leases*, the predecessor to ASC 842, future minimum lease payments for operating leases having initial or remaining noncancellable lease terms in excess of one year as of December 31, 2018 was as follows:

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2019	\$	541,376
2020		304,000
2021		304,000
2022		320,774
2023		352,000
Thereafter		1,197,778
Total	\$	<u>3,019,928</u>

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

*The following discussion should be read in conjunction with our condensed consolidated financial statements and notes to those statements and other financial information appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, the following discussion and other parts of this Quarterly Report contain forward-looking information that involves risks and uncertainties.*

### Overview

We are a commercial-stage pharmaceutical company focused on the health security market. Health security comprises countermeasures for biological, chemical, radiological and nuclear attacks (biodefense market), vaccines and therapies for emerging infectious diseases, and health preparedness. Our lead product is an oral formulation of TPOXX® ("oral TPOXX®"), an antiviral drug for the treatment of human smallpox disease caused by variola virus.

### BARDA Contracts-TPOXX®

#### 2018 BARDA Contract

On September 10, 2018, the Company entered into a contract with the U.S. Biomedical Advanced Research and Development Authority ("BARDA") pursuant to which SIGA agreed to deliver up to 1,488,000 courses of oral TPOXX® to the U.S. Strategic National Stockpile ("Strategic Stockpile"), and to manufacture and deliver to the Strategic Stockpile, or store as vendor-managed inventory, up to 212,000 courses of the intravenous (IV) formulation of TPOXX® ("IV TPOXX®"). Additionally, the contract includes funding from BARDA for advanced development of IV TPOXX®, post-marketing activities for oral and IV TPOXX®, and supportive procurement activities. The contract with BARDA (as amended, modified, or supplemented from time to time, the "2018 BARDA Contract") contemplates, as of June 30, 2019, up to approximately \$600.1 million of payments, of which approximately \$51.7 million of payments are included within the base period of performance of five years, approximately \$23.4 million of payments are related to exercised options and up to approximately \$525.0 million of payments are currently classified as unexercised options. BARDA may choose in its sole discretion when, or whether, to exercise any of the unexercised options. The period of performance for options is up to ten years from the date of entry into the 2018 BARDA Contract and such options could be exercised at any time during the contract term, including during the base period of performance. On May 20, 2019, an option for the manufacture and delivery of 363,070 courses of oral TPOXX® was modified to divide it into four procurement-related options. One of the four new procurement-related options provides for the payment of \$11.2 million for the procurement of raw materials to be used in the manufacture of at least 363,070 course of oral TPOXX®. This new option was exercised simultaneously with the aforementioned modification. Each of the other three new options individually specifies the delivery of approximately 121,000 courses of oral TPOXX® for consideration of approximately \$34.0 million. In total, the four new options provide for the manufacture and delivery of 363,070 courses of oral TPOXX® for consideration of approximately \$112.5 million. The option modification did not change the overall total potential value of the 2018 BARDA Contract, nor did it change the total amount to be paid in connection with the manufacture and delivery of oral TPOXX® courses.

The base period of performance provides for potential payments of approximately \$51.7 million for the following activities: payments of approximately \$11.1 million for the delivery of approximately 35,700 courses of oral TPOXX® to the Strategic Stockpile; payments of \$8.0 million for the manufacture of 20,000 courses of final drug product of IV TPOXX® ("IV FDP"), of which \$3.2 million of payments are related to the manufacture of bulk drug substance ("IV BDS") to be used in the manufacture of IV FDP; payments of approximately \$32.0 million to fund advanced development of IV TPOXX®; and payments of approximately \$0.6 million for supportive procurement activities. As of June 30, 2019, the Company had received \$7.1 million for the first quarter 2019 delivery of approximately 23,000 courses of oral TPOXX® to the Strategic Stockpile and \$3.2 million for the 2018 manufacture of IV BDS. IV BDS is expected to be used for the manufacture of 20,000 courses of IV FDP. The \$3.2 million received for the manufacture of IV BDS has been recorded as deferred revenue as of December 31, 2018 and June 30, 2019.

The options that have been exercised to date provide for potential payments up to approximately \$23.4 million. There are exercised options for the following activities: payments up to \$11.2 million for the procurement of raw materials to be used in the manufacture of at least 363,070 courses of oral TPOXX®; and, payments of up to \$12.2 million for funding of post-marketing activities for oral TPOXX®.

Unexercised options provide for potential payments up to approximately \$525.0 million in total (if all such options are exercised). There are options for the following activities: payments of up to \$439.0 million for the delivery of up to approximately 1,452,300 courses of oral TPOXX® to the Strategic Stockpile; payments of up to \$76.8 million for the manufacture of up to 192,000 courses

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of IV FDP, of which up to \$30.7 million of payments would be paid upon the manufacture of IV BDS to be used in the manufacture of IV FDP; payments of up to approximately \$3.6 million to fund post-marketing activities for IV TPOXX®; and payments of up to approximately \$5.6 million for supportive procurement activities.

The options related to IV TPOXX® are divided into two primary manufacturing steps. There are options related to the manufacture of bulk drug substance ("IV BDS Options"), and there are corresponding options (for the same number of IV courses) for the manufacture of final drug product ("IV FDP Options"). BARDA may choose to exercise any, all, or none of these options in its sole discretion. The 2018 BARDA Contract includes: three separate IV BDS Options, each providing for the bulk drug substance equivalent of 64,000 courses of IV TPOXX®; and three separate IV FDP Options, each providing for 64,000 courses of final drug product of IV TPOXX®. BARDA has the sole discretion on whether to simultaneously exercise IV BDS Options and IV FDP Options, or whether to make independent exercise decisions. If BARDA decides to only exercise IV BDS Options, then the Company would receive payments up to \$30.7 million; alternatively, if BARDA decides to exercise both IV BDS Options and IV FDP Options, then the Company would receive payments up to \$76.8 million. For each set of options relating to a specific group of courses (for instance, the IV BDS and IV FDP options that reference the same 64,000 courses), BARDA has the option to independently purchase IV BDS or IV FDP.

### **Research Agreements and Grants**

The Company has an R&D program for IV TPOXX®. This program is funded by the 2018 BARDA Contract and a development contract with BARDA ("IV Formulation R&D Contract"). The IV Formulation R&D Contract has a period of performance that terminates on December 30, 2020. As of June 30, 2019, the IV Formulation R&D Contract provides for future aggregate research and development funding of approximately \$4.4 million.

In July 2019, the Company was awarded a multi-year research contract valued at a total of \$19.5 million, with an initial award of \$12.4 million, from the United States Department of Defense ("DoD") to support work in pursuit of a potential label expansion for oral TPOXX® that would include post-exposure prophylaxis ("PEP") of smallpox (such work known as the "PEP Label Expansion Program" and the contract referred to as the "PEP Label Expansion R&D Contract"). The term of the initial award is five years.

Contracts and grants include, among other things, options that may or may not be exercised at the U.S. Government's discretion. Moreover, contracts and grants contain customary terms and conditions including the U.S. Government's right to terminate or restructure a contract or grant for convenience at any time. As such, we may not be eligible to receive all available funds.

### **Critical Accounting Estimates**

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on the results we report in our condensed consolidated financial statements, which we discuss under the heading "Results of Operations" following this section of our Management's Discussion and Analysis of Financial Condition and Results of Operations. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Information regarding our critical accounting policies and estimates appear in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2018 as filed on March 5, 2019. Our most critical accounting estimates include revenue recognition, the valuation of stock-based awards including options and warrants granted or issued by the Company and income taxes.

### **Results of Operations**

#### ***Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018***

For the three months ended June 30, 2019 and 2018, there were no recorded revenues from product sales and supportive services.

Revenues from research and development activities for the three months ended June 30, 2019 and 2018, were \$3.9 million and \$2.7 million, respectively. The increase in revenue of approximately \$1.2 million, or 47%, primarily reflects the net effect of: the conclusion of historical rate reconciliations under the IV Formulation R&D Contract; changes to the projected amount of contract funding expected to be available for future activities under the IV Formulation R&D Contract; and a decrease in activities performed in the quarter under the IV Formulation R&D Contract. The conclusion of historical rate reconciliations and changes to expectations for available funding, in combination, increased revenues approximately \$3.3 million. This increase was partially offset by a decrease in research activities that led to a decline in revenues of approximately \$1.9 million. The conclusion of historical rate reconciliations, and the change in the projected amount of contract funding under the IV Formulation R&D Contract, impacts

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the progress-towards-completion calculation as required under ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606").

Selling, General and Administrative ("SG&A") expenses for the three months ended June 30, 2019 and 2018, were \$3.4 million and \$2.9 million, respectively, reflecting an increase of approximately \$0.5 million, or 17.8%. The increase is primarily attributable to an approximate \$0.2 million increase in compensation expense and an approximate \$0.3 million increase in consulting costs.

Research and Development ("R&D") expenses for the three months ended June 30, 2019 and 2018 were \$2.0 million and \$3.3 million, respectively, reflecting a decrease of approximately \$1.3 million, or 38%. The decrease is primarily attributable to a \$1.6 million decrease in direct vendor-related expenses supporting the development of IV TPOXX®, partially offset by an increase in other R&D-related costs.

Patent expenses were \$0.2 million, in each case, for the three months ended June 30, 2019 and 2018. These expenses reflect our ongoing efforts to protect our lead drug candidates in various geographic territories.

Interest expense for the three months ended June 30, 2019 and 2018 was \$4.0 million and \$3.8 million, respectively. The \$4.0 million of interest for the three months ended June 30, 2019 includes \$1.1 million of accretion of unamortized costs and fees related to the Term Loan balance. The increase in interest expense is attributable to LIBOR rates being higher this quarter versus LIBOR rates in the same period last year.

Changes in the fair value of the liability-classified warrant to acquire common stock were recorded within the income statement. For the three months ended June 30, 2019 and 2018, we recorded a gain of approximately \$0.7 million and \$0.4 million, respectively, reflecting a decrease in the fair value of the liability-classified warrant primarily due to the decrease in our stock price.

Other income of \$0.7 million for the three months ended June 30, 2019 reflects interest income on the Company's cash balance held in restricted and unrestricted accounts.

For the three months ended June 30, 2019 and 2018, we incurred pre-tax losses of \$4.3 million and \$7.0 million, respectively, and a corresponding income tax benefit/(expense) of \$1.1 million and \$(2,849), respectively. The effective tax rate during the three months ended June 30, 2019 and 2018 was 26.15% and (0.04)%, respectively. Our effective tax rate for the period ended June 30, 2019 differs from the statutory rate primarily as a result of non-deductible executive compensation under IRC Section 162(m) and a non-taxable adjustment for the fair market value of the Warrant. Our effective tax rate for the period ended June 30, 2018 differs from the statutory rate as no income tax benefit was recorded for operating losses due to the Company's assessment regarding realizability of its deferred tax assets.

***Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018***

Revenues from product sales and supportive services for the six months ended June 30, 2019 were \$7.1 million. In 2018, there were no recorded revenues from product sales and supportive services. Such revenues in 2019 were associated with the delivery of approximately 23,000 courses of oral TPOXX® to the Strategic Stockpile under the 2018 BARDA Contract.

Revenues from research and development activities for the six months ended June 30, 2019 and 2018, were \$7.2 million and \$4.4 million, respectively. The increase in revenue of approximately \$2.8 million, or 64%, primarily reflects the conclusion of historical rate reconciliations under the IV Formulation R&D Contract and a change in the projected amount of contract funding expected to be available for future activities under the IV Formulation R&D Contract. Such events impacted the progress-towards-completion calculation as required under ASC 606, and resulted in a cumulative catch-up adjustment to revenue of approximately \$3.3 million.

Cost of sales and supportive services for the six months ended June 30, 2019, were \$0.9 million; in 2018, there were no recorded cost of sales and supportive services. Such costs in 2019 are associated with the delivery of approximately 23,000 courses of oral TPOXX® during the six months ended June 30, 2019.

Selling, General and Administrative ("SG&A") expenses for the six months ended June 30, 2019 and 2018, were \$6.6 million and \$5.9 million, respectively, reflecting an increase of approximately \$0.7 million, or 10%. The increase is primarily attributable to an approximate \$0.2 million increase in compensation expense and an approximate \$0.5 million increase in consulting costs and professional service fees, partially offset by the non-recurrence of Nasdaq application fees that were incurred in the second quarter of 2018.

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Research and Development (“R&D”) expenses for the six months ended June 30, 2019 and 2018 were \$6.0 million and \$6.3 million, respectively, reflecting a decrease of approximately \$0.3 million, or 5%. The decrease is primarily attributable to a \$0.9 million decrease in direct vendor-related expenses supporting the development of IV and oral TPOXX® and partially offset by an increase of \$0.4 million in compensation expense.

Patent expenses were \$0.4 million, in each case, for the six months ended June 30, 2019 and 2018. These expenses reflect our ongoing efforts to protect our lead drug candidates in various geographic territories.

Interest expense for the six months ended June 30, 2019 and 2018 was \$7.9 million and \$7.6 million, respectively. The \$7.9 million of interest for the six months ended June 30, 2019 includes \$2.2 million of accretion of unamortized costs and fees related to the Term Loan balance. The increase in interest expense for the six months ended June 30, 2019 is attributable to LIBOR rates being higher this period versus LIBOR rates in the same period last year.

Changes in the fair value of the liability-classified warrant to acquire common stock were recorded within the income statement. For the six months ended June 30, 2019, we recorded a gain of approximately \$3.8 million reflecting a decrease in the fair value of the liability-classified warrant primarily due to the decrease in our stock price. For the six months ended June 30, 2018, we recorded a loss of approximately \$2.9 million reflecting an increase in fair value of the liability-classified warrant primarily due to the increase in our stock price.

Other income of \$1.5 million for the six months ended June 30, 2019 reflects interest income on the Company’s cash balance held in restricted and unrestricted accounts.

For the six months ended June 30, 2019 and 2018, we incurred pre-tax losses of \$2.1 million and \$18.6 million, respectively, and a corresponding income tax benefit/(loss) of \$0.6 million and (\$497), respectively. The effective tax rate during the six months ended June 30, 2019 and 2018 was 28.59% and 0%, respectively. Our effective tax rate for the period ended June 30, 2019 differs from the statutory rate primarily as a result of non-deductible executive compensation under IRC Section 162(m) and a non-taxable adjustment for the fair market value of the Warrant. Our effective tax rate for the period ended June 30, 2018 differs from the statutory rate as no income tax benefit was recorded for operating losses due to the Company’s assessment regarding realizability of its deferred tax assets.

### **Liquidity and Capital Resources**

As of June 30, 2019, we had \$100.3 million in cash and cash equivalents compared with \$100.7 million at December 31, 2018. Additionally, as of June 30, 2019, we had \$75.7 million of restricted cash compared with \$79.7 million at December 31, 2018. The restricted cash is available to pay interest, fees and principal related to the Term Loan.

The cash balance in the restricted account was increased to \$100.5 million, as of July 24, 2019, in connection with an amendment to the Term Loan that allows the Company to diversify the financial institutions at which its remaining unrestricted cash and cash equivalents are held. The balance in the restricted account represents an approximation of total payments that would be required pursuant to the Term Loan if it were to remain outstanding until its maturity.

### ***Operating Activities***

We prepare our condensed consolidated statement of cash flows using the indirect method. Under this method, we reconcile net income (loss) to cash flows from operating activities by adjusting net income (loss) for those items that impact net income (loss) but may not result in actual cash receipts or payments during the period. These reconciling items include but are not limited to stock-based compensation, deferred income taxes, non-cash interest expense and changes in the fair value of our warrant liability; gains and losses from various transactions and changes in the condensed consolidated balance sheet for working capital from the beginning to the end of the period.

Net cash used in operations for the six months ended June 30, 2019 and 2018 was \$4.3 million and \$13.7 million, respectively. For the six months ended June 30, 2019, we incurred \$5.7 million of cash interest expense on the Term Loan and used approximately \$1.8 million in support of ordinary course working capital (accounts receivable, accounts payable, prepaids, among other items). Additionally, cash was used for customary operating activities. These cash uses were partially offset by the receipt of approximately \$7.1 million from BARDA for product delivery. For the six months ended June 30, 2018, cash usage was primarily due to \$7.3 million of cash operating expenses (net loss adjusted for non-cash items noted in the cash flow statement such as non-cash interest expense and the change in the fair value of our warrant) and \$5.4 million of cash interest expense on the Term Loan.

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***Investing Activities***

For the six months ended June 30, 2019 and 2018 we used cash in the amounts of \$8,948 and \$27,863, respectively, for capital expenditures.

***Financing Activities***

Net cash used by financing activities for the six months ended June 30, 2019 and 2018 was \$56,590 and \$12,328, respectively, which was attributable to the payment of tax obligations for employee common stock tendered.

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

**Recently Issued Accounting Standards**

For discussion regarding the impact of accounting standards that were recently issued but not yet effective, on the Company's condensed consolidated financial statements, as well as those standards that were adopted, see [Note 2](#), *Summary of Significant Accounting Policies*, of Notes to Condensed Consolidated Financial Statements.



## Safe Harbor Statement

Certain statements in this Quarterly Report on Form 10-Q, including certain statements contained in “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to the progress of SIGA’s development programs and timelines for bringing products to market, delivering products to the U.S Strategic National Stockpile and the enforceability of the 2011 BARDA Contract and the 2018 BARDA Contract (each as defined previously, and collectively, the “BARDA Contracts”) with the BARDA. The words or phrases “can be,” “expects,” “may affect,” “may depend,” “believes,” “estimate,” “project” and similar words and phrases are intended to identify such forward-looking statements. Such forward-looking statements are subject to various known and unknown risks and uncertainties and SIGA cautions you that any forward-looking information provided by or on behalf of SIGA is not a guarantee of future performance. SIGA’s actual results could differ materially from those anticipated by such forward-looking statements due to a number of factors, some of which are beyond SIGA’s control, including, but not limited to, (i) the risk that BARDA elects, in its sole discretion as permitted under the BARDA Contracts, not to exercise all, or any, of the remaining unexercised options under those contracts, (ii) the risk that SIGA may not complete performance under the BARDA Contracts on schedule or in accordance with contractual terms, (iii) the risk that the BARDA Contracts are modified or canceled at the request or requirement of the U.S. government, (iv) the risk that the nascent international biodefense market does not develop to a degree that allows SIGA to successfully market TPOXX® internationally, (v) the risk that potential products, including the IV formulation of TPOXX®, or potential alternative uses of TPOXX® that appear promising to SIGA or its collaborators, cannot be shown to be efficacious or safe in subsequent pre-clinical or clinical trials, (vi) the risk that SIGA or its collaborators will not obtain appropriate or necessary governmental approvals to market these or other potential products or uses, (vii) the risk that SIGA may not be able to secure or enforce sufficient legal rights in its products, including intellectual property protection, (viii) the risk that any challenge to SIGA’s patent and other property rights, if adversely determined, could affect SIGA’s business and, even if determined favorably, could be costly, (ix) the risk that regulatory requirements applicable to SIGA’s products may result in the need for further or additional testing or documentation that will delay or prevent seeking or obtaining needed approvals to market these products, (x) the risk that changes in domestic or foreign economic and market conditions may affect SIGA’s ability to advance its research or may affect its products adversely, (xi) the effect of federal, state, and foreign regulation, including drug regulation and international trade regulation, on SIGA’s businesses and (xii) the risk that the U.S. government’s responses (including inaction) to the national or global economic situation may affect SIGA’s business adversely, as well as the risks and uncertainties included in Item 1A “Risk Factors” on Form 10-K for the fiscal year ended December 31, 2018. All such forward-looking statements are current only as of the date on which such statements were made. SIGA does not undertake any obligation to update publicly any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

More detailed information about SIGA and risk factors that may affect the realization of forward-looking statements, including the forward-looking statements in the presentation, is set forth in SIGA’s filings with the Securities and Exchange Commission, including this Quarterly Report on Form 10-Q and SIGA’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and in other documents that SIGA has filed with the SEC. SIGA urges investors and security holders to read those documents free of charge at the SEC’s Web site at <http://www.sec.gov>. Forward-looking statements are current only as of the date on which such statements were made, and except for our ongoing obligations under the United States of America federal securities laws, we undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events, or otherwise.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our investment portfolio includes cash and cash equivalents. Our main investment objectives are the preservation of investment capital. We believe that our investment policy is conservative, both in the duration of our investments and the credit quality of the investments we hold. We do not utilize derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions to manage exposure to interest rate changes. As such, we believe that, the securities we hold are subject to market risk, changes in the financial standing of the issuer of such securities and our interest income is sensitive to changes in the general level of U.S. interest rates. Additionally, we are also subject to the risk of rising LIBOR rates; whenever the minimum rates for one-month, two-month, three-month and six-month LIBOR rates (“minimum LIBOR rate”) are above 1%, then the interest rate charged on the Term Loan could increase materially depending on the magnitude of any increase in LIBOR rates. For every increase of 0.5% in the minimum LIBOR rate (e.g., an increase from a LIBOR rate of 2.50% to 3.00%), annual interest payments on the Term Loan would increase by approximately \$0.4 million. Furthermore, we are

subject to the impact of stock price fluctuations of our common stock in that we have a liability-classified warrant in which 1.5 million shares of SIGA common stock can be purchased at a strike price of \$1.50 per share. For every \$1 increase in the stock price of SIGA, the intrinsic value of the liability-classified warrant will increase by approximately \$1.5 million.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2019. The term “disclosure controls and procedures” is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Management recognizes that any disclosure controls and procedures no matter how well designed and operated, can only provide reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2019 at a reasonable level of assurance.

##### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II-OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we may be involved in a variety of claims, suits, investigations and proceedings arising from the ordinary course of our business, collections claims, breach of contract claims, labor and employment claims, tax and other matters. Although such claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, we believe that the resolution of such current pending matters, if any, will not have a material adverse effect on our business, condensed consolidated financial position, results of operations or cash flow. Regardless of the outcome, litigation can have an adverse impact on us because of legal costs, diversion of management resources and other factors.

### **Item 1A. Risk Factors**

Our results of operations and financial condition are subject to numerous risks and uncertainties described in our 2018 Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

### **Item 2. Unregistered Sale of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

No disclosure is required pursuant to this item.

### **Item 5. Other Information**

No disclosure is required pursuant to this item.

## Item 6. Exhibits

Exhibit No.	Description
<a href="#">31.1</a>	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#">31.2</a>	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#">32.1</a>	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<a href="#">32.2</a>	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<a href="#">10.1</a>	Amendment of Solicitation/Modification of Contract 0002, dated May 17, 2019, to Agreement, dated September 10, 2018 by and between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (certain portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed) (incorporated by reference to the Current Report on Form 8-K filed on May 20, 2019).
<a href="#">10.2</a>	Amendment of Solicitation/Modification of Contract 0019, dated May 22, 2019, to Agreement, dated June 1, 2011 by and between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (certain portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed).
<a href="#">10.3</a>	Promotion Agreement, dated May 31, 2019, by and between SIGA Technologies, Inc. and Meridian Medical Technologies, Inc. (certain portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed) (incorporated by reference to the Current Report on Form 8-K filed on June 3, 2019).
<a href="#">10.4</a>	Amendment to Loan and Security Agreement, dated July 24, 2019, by and among SIGA Technologies, Inc., and OCM Strategic Credit SIGTEC Holdings, LLC, Cortland Capital Market Services LLC, in its capacity as administrative agent and collateral agent.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**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.

SIGA TECHNOLOGIES, INC.  
(Registrant)

Date: August 6, 2019

By: /s/ Daniel J. Luckshire

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Daniel J. Luckshire  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

Contract No. HHSO100201100023C Modification No. 19	Continuation Sheet Block 14	Page 3 of 4
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FUNDS ALLOTTED PRIOR TO MOD #19 \$ 36,804,565.90  
 FUNDS ALLOTTED WITH MOD #19 \$ 2,114,660.00  
 TOTAL FUNDS ALLOTTED TO DATE \$ 38,919,225.90 (*Changed*)

CONTRACT EXPIRATION DATE: December 30, 2020 (*Unchanged*)

CLIN 0002 POP 18Feb2018 (*Unchanged*)  
 CLIN 0003 POP 30Dec2019 (*Unchanged*)  
 CLIN 0004 POP 30Dec2020 (*Unchanged*)  
 CLIN 0005 POP 30Dec2020 (*Unchanged*)  
 CLIN 0006 POP 30June2020 (*Unchanged*)  
 CLIN 0007 POP 30Dec2020 (*Unchanged*)  
 CLIN 0008 POP 30Dec2020 (*Unchanged*)  
 CLIN 0011 POP 28Feb2014 (*Unchanged*)  
 CLIN 0012 POP 31Dec2016 (*Unchanged*)  
 CLIN 0013 POP 31Dec2013 (*Unchanged*)

1. ARTICLE B.4. Advance Understandings, b. Indirect Costs, is replaced with the following:

The following final indirect cost rates ceiling is incorporated into the contract. It will be utilized for billing purposes beginning on January 1, 2017 and continuing through the remaining contract period of performance:

- G&A: [redacted]
- Overhead: [redacted]
- Fringe: [redacted]

Final rate proposals must be sent to the Contracting Officer within 6 months of the Contractor's fiscal year end. See FAR Clause 52.216-7, Allowable Cost and Payment. The Government will not be obligated to pay any additional amount should the final indirect cost rates exceed the established ceiling rates. In the event the final indirect cost rates are less than the established ceiling rates, the established rates will be reduced to conform to the lower rates for unsettled years.

All prior indirect rates through December 31, 2015 have been settled and reconciled in full. Indirect rates for January 1, 2016 through December 31, 2016 will be settled and reconciled in full upon SIGA's invoicing of [redacted] from CLIN 0006.

Ceiling rates (as described above) are applied retroactively beginning January 1, 2017. As such, the reconciliation of indirect costs total for 2017 is [redacted] which will be billed from CLIN 0003. The reconciliation of indirect costs total for 2018 is [redacted] which will be billed from CLIN 0003 and CLIN 0004.

Upon payment of the above listed reconciliation amounts, the indirect costs for 2017 and 2018 will be considered settled and reconciled in full. At that time all SIGA indirect costs from contract award date through December 31, 2018 will be settled and reconciled in full.

2. The pricing under ARTICLE B.5 – OPTION(S) is updated for CLINs 3, 4, and 6 as follows:

**ARTICLE B.5 – OPTION(S) Prices are updated as follows:**

CLINS	Specified Time	Date	Description of Work	Estimated Cost	Fee	Extended Cost
CLIN 0003	IV Option 2	Jan 2018 – Dec 2019	Phase I Single Ascending Dose/Single Dose Crossover Clinical Study	[redacted]	[redacted]	[redacted]
CLIN 0004	IV Option 3	Jan 2017 – Dec 2020	NHP MPXV Challenge Study Phase I	[redacted]	[redacted]	[redacted]
CLIN 0006	IV Option 5	July 2016 – June 2020	Scale-up, Process Validation and DP Stability	[redacted]	[redacted]	[redacted]

- 3.
- IV Option 2 (CLIN #0003), Phase I Single Ascending Dose/Single Dose Crossover Clinical Study. This CLIN is increased in the amount of [redacted] (estimated cost) for a total increased amount of [redacted].
  - IV Option 3 (CLIN #0004), NHP MPXV Challenge Study Phase I. This CLIN is increased in the amount of [redacted] (estimated cost) for a total increased amount of [redacted].
  - IV Option 5 (CLIN #0006), Scale-up, Process Validation and DP Stability. This CLIN is increased in the amount of [redacted] (estimated cost) for a total increased amount of [redacted].

4. The total contract funded amount under this contract has been increased as follows:

- The total contract amount funded under this contract (inclusive of fixed fee) is increased by \$2,114,660 from \$36,804,565.90 to \$38,919,225.90. For further provisions on funding, see the Limitations of Costs clause in PART II -Section I, Clauses.

All other terms and conditions of contract HHSO100201100023C remain unchanged.

**END OF MODIFICATION 0019 TO HHSO100201100023C**

Certain portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed. Information that has been omitted has been noted in this document with a placeholder identified by the term "[redacted]".

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE		PAGE OF PAGES 1   4	
2. AMENDMENT/MODIFICATION NO. P00019		3. EFFECTIVE DATE See Block 16C		4. REQUISITION/PURCHASE REQ. NO See Schedule	
5. PROJECT NO. (If applicable)		6. ISSUED BY HHS/OS/ASPR/BARDA 330 Independence Ave., S.W. Room 640-G Washington, DC 20201		7. ADMINISTERED BY (IF OTHER THAN ITEM 6) ASPR-BARDA 330 Independence Ave, SW, Rm G640 Washington DC 20201	
CODE		HHS/OS/ASPR/BARDA		CODE ASPR-BARDA02	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and Zip Code) SIGA TECHNOLOGIES, INC. 1385150 SIGA TECHNOLOGIES, INC. 35 E 6 35 E 62ND ST NEW YORK, NY 100658014		(x)		9A. AMENDMENT OF SOLICITATION NO	
CODE: 1385150		FACILITY CODE:		9B. DATED (SEE ITEM 11)	
		x		10A. MODIFICATION OF CONTRACT/ORDER NO HHSO100201100023C	
				10B. DATED (SEE ITEM 13) 06/01/2011	
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>					

The above numbered

solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers is extended. is not extended.  
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required) Net Increase: \$2,114,660.00 See Schedule			
<b>13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>			
CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO IN ITEM 10A.		
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).		
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 1.602-1; FAR 52.243-2 Changes – Cost Reimbursement – Alt V (Apr 1984); and Mutual Agreement		
	D. OTHER (Specify type of modification and authority)		
<b>E. IMPORTANT:</b> Contractor <input type="checkbox"/> is not <input checked="" type="checkbox"/> is required to sign this document and return 1 copies to the issuing office.			
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) Tax ID Number: 13-3864870 DUNS Number: 932651516 PURPOSE: This modification is to establish rate ceilings, conclude historical rate reconciliations, and add supplemental funding. Delivery Location Code: HHS/OS/ASPR HHS/OS/ASPR 200 C St SW WASHINGTON DC 20201 US FOB: Destination Continued ... Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.			
15A. NAME AND TITLE OF SIGNER (Type or print) Dennis E. Hruby		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) ELIZABETH STEINER	
15B. CONTRACTOR/OFFEROR /s/ Dennis E. Hruby (Signature of person authorized to sign)	15C. DATE SIGNED 21 May 2019	16B. UNITED STATES OF AMERICA /s/ Elizabeth Steiner (Signature of Contracting Officer)	16C. DATE SIGNED 5/22/19



NSN 7540-01-152-8070 STANDARD FORM 30 (REV. 10-83)

Previous edition unusable Prescribed by GSA

FAR (48 CFR) 53.243

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CONTINUATION SHEET		REFERENCE NO. OF DOCUMENT BEING CONTINUED HHSO100201100023C/P00019			PAGE OF 2   4	
NAME OF OFFEROR OR CONTRACTOR SIGA TECHNOLOGIES, INC. 1385150						
ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	
6	Period of Performance: 05/15/2011 to 12/30/2020  Change Item 6 to read as follows (amount shown is the obligated amount):  ASPR-16-01298 -- Supplemental funds to SIGA Technologies under CLIN 0006 HHSO100201100023C Requisition No: OS173541, OS175534, OS236336  Delivery: 05/09/2016 Amount: [redacted] Accounting Info: 2016.1992016.25103 Appr. Yr.: 2016 CAN: 1992016 Object Class: 25103 Funded: [redacted]  Amount: [redacted] Accounting Info: 2016.1992016.25103 Appr. Yr.: 2016 CAN: 1992016 Object Class: 25103 Funded: [redacted]  Amount: [redacted] Accounting Info: 2019.1992019.25106 Appr. Yr.: 2019 CAN: 1992019 Object Class: 25106 Funded: [redacted]  Change Item 7 to read as follows (amount shown is the obligated amount):  ASPR-17-00856 -- Exercise of CLINS 3 4 5 7 8 to SIGA Technologies Inc HHSO100201100023C Requisition No: OS190398, OS236383, OS236678  Delivery: 12/31/2020 Amount: [redacted] Accounting Info: 2017.1992017.25103 Appr. Yr.: 2017 CAN: 1992017 Object Class: 25103 Funded: [redacted]  Amount: [redacted] Accounting Info: 2019.1992019.25106 Appr. Yr.: 2019 CAN: 1992019 Object Class: 25106 Funded: [redacted]  Amount: [redacted] Accounting Info: 2019.1992018.25106 Appr. Yr.: 2019 CAN: 1992018 Object Class: 25106 Funded: [redacted]				[redacted]	[redacted]
7	Amount: [redacted] Accounting Info: 2019.1992019.25106 Appr. Yr.: 2019 CAN: 1992019 Object Class: 25106 Funded: [redacted]  Amount: [redacted] Accounting Info: 2019.1992018.25106 Appr. Yr.: 2019 CAN: 1992018 Object Class: 25106 Funded: [redacted]				[redacted]	[redacted]



#### FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

This **FOURTH AMENDMENT** (this “**Amendment**”) dated as of July 24, 2019 in respect of that certain Loan and Security Agreement dated as of September 2, 2016 (as amended by that First Amendment dated as of September 27, 2016, as further amended by that Second Amendment dated as of June 25, 2018, as further amended by that Third Amendment dated as of October 31, 2018, and as further amended, supplemented or otherwise modified prior to the date hereof, the “**Credit Agreement**”) by and among Cortland Capital Market Services LLC (“**Cortland**”), in its capacity as administrative agent for the Lenders and collateral agent for the Secured Parties (together with its successors and assigns in such capacity, “**Agent**”), OCM Strategic Credit SIGTEC Holdings, LLC, in its capacity as a Lender and in its capacity as Sole Lead Arranger, together with the other Lenders from time to time party thereto (each a “**Lender**” and collectively, “**Lenders**”), and SIGA Technologies, Inc., a Delaware corporation (“**Borrower**”). Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Credit Agreement.

WHEREAS, this Amendment includes an amendment to the Credit Agreement that has been requested by the Loan Parties, to which Agent and the Lenders have agreed, and that will become effective on the Fourth Amendment Effective Date (as defined below) on the terms and subject to the conditions set forth herein.

Accordingly, in consideration of the foregoing, subject to the conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

#### SECTION 1 AMENDMENTS TO THE CREDIT AGREEMENT

**1.1 Amendments to Credit Agreement.** The Credit Agreement is amended as follows:

(a) Section 5.6(c) of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“(c) No Loan Party has any Deposit Accounts, Securities Accounts, commodity accounts or other investment accounts other than the Escrow Account, the PRV Proceeds Account, those accounts as of the Fourth Amendment Effective Date and described in Schedule 5.6 (as updated on the Fourth Amendment Effective Date) or as opened or acquired after the Fourth Amendment Effective Date.”

(b) Section 6.10(b) and (c) of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“(b) (i) On and after the Escrow Release Date, Borrower shall hold the Interest Reserve in a Deposit Account and (ii) after the Fourth Amendment Effective Date, Borrower shall hold certain funds in the PRV Proceeds Account, which, in the cases of each such Deposit Account shall be subject to a deposit account control agreement, in form and substance reasonably satisfactory to the Agent and Requisite Lenders and that shall provide for the Agent to have sole dominion and control over the Interest Reserve Account and the PRV Proceeds Account, as applicable, at all times pursuant to the terms of such deposit account control agreement (each, a “Blocked Account Control Agreement”). Amounts held in the PRV Proceeds Account may be reduced after the Fourth Amendment Effective Date solely to fund (i) payments of principal and interest and the Exit Fee,

in each case, as the same become due and payable pursuant to this Agreement or (ii) voluntary prepayments or repayments of the Term Loan, pursuant to Section 2.4 and Section 2.5.

(c) Other than amounts on deposit in the Interest Reserve Account or the PRV Proceeds Account, each Loan Party shall hold all of its other cash and Cash Equivalents in a Deposit Account or a Securities Account.”

(c) Section 6.10(d) of the Credit Agreement is hereby deleted in its entirety.

(d) Clause (a)(iv)(z) of Section 7.6 of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“(z) for fiscal years after 2018, \$7,500,000 when Borrower has \$180,000,000 in cash and Cash Equivalents in Deposit Accounts and Securities Accounts, excluding any Deposit Accounts or Securities Accounts that are subject to Blocked Account Control Agreements”

(e) The lead in to Section 7.10(a) of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“On and after the Escrow Release Date, the Loan Parties shall not permit on each day during each fiscal period set forth below the closing balance of their unrestricted cash and Cash Equivalents (excluding cash or other amounts held in the Interest Reserve Account and the PRV Proceeds Account) maintained in one or more Deposit Accounts or Securities Accounts (“Liquidity”), to be less than the amount set forth below for the applicable period.”

(f) The defined terms “Account Control Agreement” and “Excluded Account” contained in Section 11 of the Credit Agreement are hereby deleted in their entirety.

(g) The defined term “Fourth Amendment Effective Date” is hereby added to Section 11 of the Credit Agreement in appropriate alphabetical order.

““Fourth Amendment Effective Date” means July 24, 2019.

(h) The defined term “Loan Documents” contained in Section 11 of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“Loan Documents” means this Agreement, the Notes (if any), the Fee Letters, the Intellectual Property Security Agreements, the Blocked Account Control Agreements, the Access Agreements, the Perfection Certificate, the Pledge Agreement (if any), the Guaranty (if any), any Subordination Agreement, the Notice of Funding, the Escrow Agreement, and all other agreements, instruments, documents and certificates delivered to Agent or any Lender from time to time in connection with any of the foregoing, but excluding the Warrant Documents.”

(i) The words “subject to Section 6.10,” in clause (b) of the defined term “Permitted Investments” and contained in Section 11 of the Credit Agreement is hereby deleted in its entirety.

(j) Clause (k) of the defined term “Permitted Liens” contained in Section 11 of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“(k) Liens on brokerage accounts incurred in the ordinary course of business securing obligations to settle trades made by Loan Parties,”

(k) The following defined term contained in Section 11 of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“PRV Proceeds Account” means a Deposit Account maintained by Borrower containing, from the Fourth Amendment Effective Date, an amount equal to \$100,500,000.00, which Deposit Account shall at all times be subject to a Blocked Account Control Agreement.”

## SECTION 2 REPRESENTATIONS AND WARRANTIES

**2.1 Representations and Warranties.** To induce Agent and Lenders to enter into this Amendment, each Loan Party represents and warrants, on and as of the Fourth Amendment Effective Date, that the following statements are true and correct on and as of the Fourth Amendment Effective Date:

(a) The execution, delivery and performance by each Loan Party of this Amendment will not (a) contravene any of the organizational documents of such Loan Party, (b) violate any material Requirement of Law, (c) require any action by, filing, registration, qualification with, or approval, consent or withholding of objections from, any Governmental Authority or any other Person, except those which have been obtained and are in full force and effect, (d) result in the creation of any Lien on any of such Loan Party’s Property (except for Liens in favor of Agent, on behalf of itself and the other Secured Parties), or (e) result in any breach of or constitute a default under, or permit the termination or acceleration of, any Material Agreement to which such Loan Party is a party.

(b) This Amendment has been duly authorized, executed and delivered by each Loan Party and constitutes the legal, valid and binding obligations of each such Person that is a party hereto, enforceable against such Person in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors’ rights generally or by equitable principles relating to enforceability.

(c) The representations and warranties of each Loan Party contained in Section 5 of the Credit Agreement or any other Loan Document are true and correct in all material respects (or with respect to such representations and warranties which by their terms contain materiality qualifiers, shall be true and correct) in each case on and as of the Fourth Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or with respect to such representations and warranties which by their terms contain materiality qualifiers, shall be true and correct) as of such earlier date.

## SECTION 3 CONDITIONS TO EFFECTIVENESS

**3.1 Fourth Amendment Effective Date.** This Amendment shall become effective as of the first date (the “**Fourth Amendment Effective Date**”) on which each of the following conditions shall have been satisfied:

(a) *Execution and Delivery of this Amendment.* Agent and Lenders shall have received a counterpart signature page of this Amendment duly executed by each of the Loan Parties.

(b) *Representations and Warranties.* The representations and warranties set forth in Section 2.1 shall be true and correct on the Fourth Amendment Effective Date.

( c ) *PRV Proceeds Account.* Borrower shall have funded the PRV Proceeds Account in an amount equal to \$100,500,000.00 and Lenders shall have received evidence reasonably satisfactory to Lenders reflecting the foregoing.

( d ) *Release of Existing Account Control Agreement.* Agent shall deliver to Borrower, for further distribution to Signature Bank, a written notice terminating that certain Control Account Agreement dated as of November 16, 2016, by and among Borrower, Agent and Signature Bank.

#### **SECTION 4 REAFFIRMATION**

**4.1 Reaffirmation.** Borrower hereby ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under each of the Loan Documents to which it is a party (after giving effect hereto). Borrower acknowledges that each of the Loan Documents remains in full force and effect and is hereby ratified and reaffirmed. The execution of this Amendment shall not operate as a waiver of any right, power or remedy of Agent or Lenders, constitute a waiver of any provision of any of the Loan Documents or serve to effect a novation of the Obligations.

#### **SECTION 5 MISCELLANEOUS**

**5.1 Governing Law.** THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE).

**5.2 Successors and Assigns.** The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided that none of the Loan Parties may assign or transfer any of its rights or obligations under this Amendment except as permitted by the Credit Agreement.

**5.3 Counterparts; Effectiveness.** This Amendment may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Amendment. Faxed or otherwise electronically submitted signatures to this Amendment shall be binding for all purposes.

**5.4 Severability.** Any provision of this Amendment being held illegal, invalid or unenforceable in any jurisdiction shall not affect any part of such provision not held illegal, invalid or unenforceable, any other provision of this Amendment or any part of such provision in any other jurisdiction.

**5.5 Effects of this Amendment.**

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of Agent or the Lenders under the existing Credit Agreement or any other Loan Document, and shall not alter, modify, amend

or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or of any other Loan Documents, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

(b) From and after the Fourth Amendment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import, and each reference to the Credit Agreement in any other Loan Document shall be deemed a reference to the Credit Agreement as amended hereby. This Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

**5.6 Release.** In consideration of the Lenders’ and Agent’s agreements contained in this Amendment, each Loan Party hereby irrevocably releases and forever discharge the Lenders and the Agent and their affiliates, subsidiaries, successors, assigns, directors, officers, employees, agents, consultants and attorneys (each, a “**Released Person**”) of and from any and all claims, suits, actions, investigations, proceedings or demands, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law of any kind or character, known or unknown, which such Loan Party ever had or now has against Agent, any Lender or any other Released Person which relates, directly or indirectly, to any acts or omissions of Agent, any Lender or any other Released Person relating to the Credit Agreement or any other Loan Document on or prior to the date hereof.

[Signature Pages Follow]



IN WITNESS WHEREOF, each of the undersigned has executed this Amendment as of the date set forth above.

**BORROWER:**

**SIGA TECHNOLOGIES, INC.**

By: /s/ Daniel J. Luckshire

Name: Daniel Luckshire

Title: CFO

[Signature Page to Fourth Amendment to Loan and Security Agreement]

**AGENT:**

**CORTLAND CAPITAL MARKET SERVICES LLC**

By: /s/ Matthew Trybula

Name: Matthew Trybula

Title: Associate Counsel \_\_\_\_\_

[Signature Page to Fourth Amendment to Loan and Security Agreement]

**LENDER:**

**OCM STRATEGIC CREDIT SIGTEC HOLDINGS, LLC**

By: Oaktree Fund GP IIA, LLC

Its: Manager

By: Oaktree Fund GP II, L.P.

Its: Managing Member

By: /s/ Nilay Mehta

Name: Nilay Mehta

Title: SVP

By: /s/ Edgar Lee

Name: Edgar Lee

Title: Managing Director

[Signature Page to Fourth Amendment to Loan and Security Agreement]

**Certification by Chief Executive Officer Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Phillip L. Gomez, Ph.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of SIGA Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

*/s/ Phillip L. Gomez, Ph.D.*

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Phillip L. Gomez, Ph.D.

Chief Executive Officer

**Certification by Chief Financial Officer Pursuant to  
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Daniel J. Luckshire, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SIGA Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

*/s/ Daniel J. Luckshire*

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Daniel J. Luckshire  
Executive Vice President and  
Chief Financial Officer

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

In connection with the Quarterly Report of SIGA Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Phillip L. Gomez, Ph. D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*/s/ Phillip L. Gomez, Ph.D.*

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Phillip L. Gomez, Ph.D.

Chief Executive Officer

August 6, 2019

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

In connection with the Quarterly Report of SIGA Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel J. Luckshire, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*/s/ Daniel J. Luckshire*

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Daniel J. Luckshire  
Executive Vice President and Chief Financial Officer  
August 6, 2019