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 March 31, 2022

OR

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

For the transition period from to

Commission file number: 001-35668

INTERCEPT PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**22-3868459**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

305 Madison Avenue,
Morristown, NJ 07960
(Address of Principal Executive Offices and Zip Code)
(646) 747-1000
(Registrant's Telephone Number, Including Area Code)
10 Hudson Yards, 37th Floor, New York, NY 10001
(Former address, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	ICPT	Nasdaq Global Select Market

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

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

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

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

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

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

The number of shares of the registrant's common stock outstanding as of March 31, 2022 was 29,708,846.

Intercept Pharmaceuticals, Inc.

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Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to "we," "our," "us" and the "Company" refer, collectively, to Intercept Pharmaceuticals, Inc., a Delaware corporation, and its consolidated subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements, including, but not limited to, statements regarding the progress, timing and results of our clinical trials, including our clinical trials for the treatment of nonalcoholic steatohepatitis (“NASH”), the safety and efficacy of our approved product, Ocaliva (obeticholic acid or “OCA”) for primary biliary cholangitis (“PBC”), and our product candidates, including OCA for liver fibrosis due to NASH, the timing and acceptance of our regulatory filings and the potential approval of OCA for liver fibrosis due to NASH, the review of our New Drug Application for OCA for the treatment of liver fibrosis due to NASH by the U.S. Food and Drug Administration (the “FDA”), our intent to work with the FDA to address the issues raised in a complete response letter (“CRL”), the potential commercial success of OCA, as well as our strategy, future operations, future financial position, future revenue, projected costs, financial guidance, prospects, plans and objectives.

These statements 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. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “possible,” “continue” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates, and we undertake no obligation to update any forward-looking statement except as required by law. These forward-looking statements are based on estimates and assumptions by our management that, although believed to be reasonable, are inherently uncertain and subject to a number of risks.

The following represent some, but not necessarily all, of the factors that could cause actual results to differ materially from historical results or those anticipated or predicted by our forward-looking statements:

- our ability to successfully commercialize Ocaliva for PBC;
- our ability to maintain our regulatory approval of Ocaliva for PBC in the United States, Europe, Canada, Israel, Australia and other jurisdictions in which we have or may receive marketing authorization;
- our ability to timely and cost-effectively file for and obtain regulatory approval of our product candidates on an accelerated basis or at all, including OCA for liver fibrosis due to NASH following the issuance of the CRL by the FDA; any advisory committee recommendation or dispute resolution determination that our product candidates, including OCA for liver fibrosis due to NASH, should not be approved or approved only under certain conditions; or any future determination that the regulatory applications and subsequent information we submit for our product candidates, including OCA for liver fibrosis due to NASH, do not contain adequate clinical or other data or meet applicable regulatory requirements for approval;
- conditions that may be imposed by regulatory authorities on our marketing approvals for our products and product candidates, including OCA for liver fibrosis due to NASH, such as the need for clinical outcomes data (and not just results based on achievement of a surrogate endpoint), any risk mitigation programs such as a Risk Evaluation and Mitigation Strategies (“REMS”) program, and any related restrictions, limitations and/or warnings contained in the label of any of our products or product candidates;
- any potential side effects associated with Ocaliva for PBC, OCA for liver fibrosis due to NASH or our other product candidates that could delay or prevent approval, require that an approved product be taken off the market, require the inclusion of safety warnings or precautions, or otherwise limit the sale of such product or product candidate, including in connection with our update to the Ocaliva prescribing information in May 2021 contraindicating Ocaliva for patients with PBC and decompensated cirrhosis, a prior decompensation event, or compensated cirrhosis with evidence of portal hypertension;
- the initiation, timing, cost, conduct, progress and results of our research and development activities, preclinical studies and clinical trials, including any issues, delays or failures in identifying patients, enrolling patients, treating patients, retaining patients, meeting specific endpoints in the jurisdictions in which we intend to seek approval or completing and timely reporting the results of our NASH or PBC clinical trials;
- the outcomes of interactions with regulators (e.g., the FDA and the European Medicines Agency ("EMA")) regarding our clinical trials;

- our ability to establish and maintain relationships with, and the performance of, third-party manufacturers, contract research organizations and other vendors upon whom we are substantially dependent for, among other things, the manufacture and supply of our products, including Ocaliva for PBC and, if approved, OCA for liver fibrosis due to NASH, and our clinical trial activities;
- our ability to identify, develop and successfully commercialize our products and product candidates, including our ability to successfully launch OCA for liver fibrosis due to NASH, if approved;
- our ability to obtain and maintain intellectual property protection for our products and product candidates, including our ability to cost-effectively file, prosecute, defend and enforce any patent claims or other intellectual property rights;
- the size and growth of the markets for our products and product candidates and our ability to serve those markets;
- the degree of market acceptance of Ocaliva for PBC and, if approved, OCA for liver fibrosis due to NASH or our other product candidates among physicians, patients and healthcare payors;
- the availability of adequate coverage and reimbursement from governmental and private healthcare payors for our products, including Ocaliva for PBC and, if approved, OCA for liver fibrosis due to NASH, and our ability to obtain adequate pricing for such products;
- our ability to establish and maintain effective sales, marketing and distribution capabilities, either directly or through collaborations with third parties;
- competition from existing drugs or new drugs that become available;
- our ability to attract and retain key personnel to manage our business effectively;
- our ability to prevent or defend against system failures or security or data breaches due to cyber-attacks, or cyber intrusions, including ransomware, phishing attacks and other malicious intrusions;
- our ability to comply with data protection laws;
- costs and outcomes relating to any disputes, governmental inquiries or investigations, regulatory proceedings, legal proceedings or litigation, including any securities, intellectual property, employment, product liability or other litigation;
- our collaborators' election to pursue research, development and commercialization activities;
- our ability to establish and maintain relationships with collaborators with development, regulatory and commercialization expertise;
- our need for and ability to generate or obtain additional financing;
- our estimates regarding future expenses, revenues and capital requirements and the accuracy thereof;
- our use of cash, cash equivalents and short-term investments;
- our ability to acquire, license and invest in businesses, technologies, product candidates and products;
- our ability to manage the growth of our operations, infrastructure, personnel, systems and controls;
- our ability to obtain and maintain adequate insurance coverage;
- continuing threats from COVID-19, including additional waves of infections, and their impacts including quarantines and other government actions; delays relating to our regulatory applications; disruptions relating to our ongoing clinical trials or involving our contract research organizations, study sites or other clinical partners; disruptions relating to our supply chain or involving our third-party manufacturers, distributors or other distribution partners; and facility closures or other restrictions; and the impact of the foregoing on our results of operations and financial position;
- the impact of general U.S. and foreign economic, industry, market, regulatory or political conditions, including the impact of Brexit;
- the transaction with Advanz Pharma could fail to close timely or at all, including due to failure to receive required regulatory approvals, or we could not receive the earn-out or royalties provided for by the transaction agreements, or we could be unsuccessful in using the funds received to implement our business strategies, or the transaction could lead to operational or other business problems, or to unexpected tax, litigation, or other liabilities; and
- the other risks and uncertainties identified under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q and

in our other periodic filings filed with the U.S. Securities and Exchange Commission (the "SEC"), including our most recent Annual Report.

NOTE REGARDING TRADEMARKS

The Intercept Pharmaceuticals® name and logo and the Ocaliva® name and logo are either registered or unregistered trademarks or trade names of the Company in the United States and/or other countries. All other trademarks, trade names and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this Quarterly Report on Form 10-Q may appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or that the applicable owner will not assert its rights to these trademarks and trade names.

PART I

Item 1. Financial Statements.

INTERCEPT PHARMACEUTICALS, INC.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 48,320	$ 84,709
Restricted cash	11,153	9,700
Investment debt securities, available-for-sale	347,382	334,980
Accounts receivable, net of allowance for credit losses of $255 and $296, respectively	46,144	47,617
Prepaid expenses and other current assets	24,354	25,286
Total current assets	477,353	502,292
Fixed assets, net	3,059	3,377
Inventory	8,257	8,619
Security deposits	6,926	6,616
Other assets	7,762	6,119
Total assets	$ 503,357	$ 527,023
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 147,060	$ 158,216
Short-term interest payable	3,976	8,601
Total current liabilities	151,036	166,817
Long-term liabilities:		
Long-term debt	716,885	539,782
Long-term other liabilities	7,197	4,386
Total liabilities	$ 875,118	$ 710,985
Commitments and contingencies (Note 14)		
Stockholders' deficit:		
Common stock par value $0.001 per share; 90,000,000 shares authorized; 29,708,846 and 29,572,953 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	30	30
Additional paid-in capital	2,007,684	2,308,653
Accumulated other comprehensive loss, net	(3,487)	(2,873)
Accumulated deficit	(2,375,988)	(2,489,772)
Total stockholders' deficit	(371,761)	(183,962)
Total liabilities and stockholders' deficit	$ 503,357	$ 527,023

See accompanying notes to the condensed consolidated financial statements.

INTERCEPT PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2022	2021
Revenue:		
Product revenue, net	$ 88,582	$ 81,661
Total revenue	88,582	81,661
Operating expenses:		
Cost of sales	758	810
Selling, general and administrative	50,007	59,271
Research and development	48,089	50,766
Restructuring	—	161
Total operating expenses	98,854	111,008
Operating loss	(10,272)	(29,347)
Other (expense) income:		
Interest expense	(6,673)	(12,419)
Other (expense) income, net	(339)	1,346
Total other (expense), net	(7,012)	(11,073)
Net loss	$ (17,284)	$ (40,420)
Net loss per common and potential common share:		
Basic and diluted	$ (0.58)	$ (1.22)
Weighted average common and potential common shares outstanding:		
Basic and diluted	29,696	33,139

See accompanying notes to the condensed consolidated financial statements.

INTERCEPT PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2022	2021
Net loss	$ (17,284)	$ (40,420)
Other comprehensive (loss) income:		
Net changes related to available-for-sale investment debt securities:		
Unrealized losses on investment debt securities	(1,020)	(344)
Reclassification adjustment for realized losses on investment debt securities included in other income, net	—	2
Net unrealized losses on investment debt securities	$ (1,020)	$ (342)
Foreign currency translation gains	406	281
Other comprehensive loss	$ (614)	$ (61)
Comprehensive loss	$ (17,898)	$ (40,481)

See accompanying notes to the condensed consolidated financial statements.

INTERCEPT PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Changes in Stockholders' Deficit
(Unaudited)
(In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss, Net	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balance - December 31, 2021	29,573	$ 30	$ 2,308,653	$ (2,873)	$ (2,489,772)	$ (183,962)
Stock-based compensation	—	—	6,720	—	—	6,720
Issuance of common stock under equity plan	156	—	—	—	—	—
Employee withholding taxes related to stock-based awards	(20)	—	(318)			(318)
Reclassification of the equity components of the Convertible Notes to liability upon adoption of ASU 2020-06	—	—	(307,371)	—	131,068	(176,303)
Other comprehensive loss	—	—	—	(614)	—	(614)
Net loss	—	—	—	—	(17,284)	(17,284)
Balance - March 31, 2022	29,709	$ 30	$ 2,007,684	$ (3,487)	$ (2,375,988)	$ (371,761)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss, Net	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balance - December 31, 2020	33,016	$ 33	$ 2,233,937	$ (2,477)	$ (2,398,346)	$ (166,853)
Stock-based compensation	—	—	8,419	—	—	8,419
Net proceeds from exercise of stock options	141	—	—	—	—	—
Employee withholding taxes related to stock-based awards	(3)	—	(1,083)	—	—	(1,083)
Other comprehensive loss	—	—	—	(61)	—	(61)
Net loss	—	—	—	—	(40,420)	(40,420)
Balance - March 31, 2021	33,154	$ 33	$ 2,241,273	$ (2,538)	$ (2,438,766)	$ (199,998)

See accompanying notes to the condensed consolidated financial statements.

INTERCEPT PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2022	**2021**
Cash flows from operating activities:		
Net loss	$ (17,284)	$ (40,420)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	6,720	8,419
Amortization of premium on investment debt securities	791	1,220
Amortization of deferred financing costs	797	671
Depreciation	375	870
Non-cash operating lease cost	1,304	1,509
Accretion of debt discount	—	6,861
Provision for allowance of credit losses, net of write-offs	(41)	198
Changes in operating assets:		
Accounts receivable	1,124	(1,408)
Prepaid expenses and other current assets	808	547
Inventory	142	86
Security deposits	(357)	95
Changes in operating liabilities:		
Accounts payable, accrued expenses and other current liabilities	(8,188)	(29,286)
Operating lease liabilities	(1,690)	(1,425)
Interest payable	(4,625)	(2,587)
Net cash used in operating activities	(20,124)	(54,650)
Cash flows from investing activities:		
Purchases of investment debt securities	(142,789)	(50,533)
Sales and maturities of investment debt securities	128,576	142,250
Purchases of equipment, leasehold improvements, and furniture and fixtures	(7)	(377)
Net cash (used in) provided by investing activities	(14,220)	91,340
Cash flows from financing activities:		
Payments of employee withholding taxes related to stock-based awards	(318)	(1,083)
Net cash used in financing activities	(318)	(1,083)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(274)	(882)
Net (decrease) increase in cash, cash equivalents and restricted cash	(34,936)	34,725
Cash, cash equivalents and restricted cash at beginning of period	94,409	65,654
Cash, cash equivalents and restricted cash at end of period	$ 59,473	$ 100,379
Supplemental disclosure of non-cash transactions:		
Right-of-use asset obtained in exchange for new operating lease obligations	$ (3,173)	$ —
Non-cash investing and financing activities		
Net increase in accrued fixed assets	$ (52)	$ (348)
Reconciliation of cash, cash equivalents and restricted cash included in the condensed consolidated balance sheets:		
Cash and cash equivalents	$ 48,320	$ 92,946
Restricted cash	11,153	7,433
Total cash, cash equivalents and restricted cash	$ 59,473	$ 100,379

See accompanying notes to the condensed consolidated financial statements.

INTERCEPT PHARMACEUTICALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Overview of Business

Intercept Pharmaceuticals, Inc. (the "Company") is a biopharmaceutical company focused on the development and commercialization of novel therapeutics to treat progressive non-viral liver diseases, including primary biliary cholangitis ("PBC") and nonalcoholic steatohepatitis ("NASH"). The Company currently has one marketed product, Ocaliva (obeticholic acid or "OCA"). Founded in 2002, the Company has operations in the United States, Europe and Canada.

2. Basis of Presentation

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany balances and transactions have been eliminated in consolidation. Certain information that is normally required by U.S. GAAP has been condensed or omitted in accordance with rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Operating results for the three months ended March 31, 2022 are not necessarily indicative of the results that may be expected for any future period or for the year ending December 31, 2022. In the opinion of management, these unaudited condensed consolidated financial statements include all normal and recurring adjustments considered necessary for a fair presentation of these interim unaudited condensed consolidated financial statements.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2021, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

3. Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 2 of Notes to Consolidated Financial Statements included in its Annual Report on 10-K for the year ended December 31, 2021. There have been no material changes in the Company's significant accounting policies as compared to the significant accounting policies described in the Annual Report, other than the adoption of accounting pronouncement below.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued ASU No. 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"), which simplifies the accounting for convertible instruments by eliminating the requirement to separately account for embedded conversion features as an equity component in certain circumstances. A convertible debt instrument will be reported as a single liability instrument with no separate accounting for an embedded conversion feature unless separate accounting is required for an embedded conversion feature as a derivative or under the substantial premium model. The ASU simplifies the diluted earnings per share calculation by requiring that an entity use the if-converted method and that the effect of potential share settlement be included in diluted earnings per share calculations. Further, the ASU requires enhanced disclosures about convertible

instruments. The Company adopted ASU 2020-06 on January 1, 2022 using the modified retrospective method. Upon adoption at January 1, 2022, the Company made certain adjustments in its condensed consolidated balance sheets which consisted of an increase of $176.3 million in Long-term debt, a net decrease of $307.4 million in Additional paid-in capital and a net decrease of $131.1 million in Accumulated deficit resulting from the reversal of previously recognized non-cash interest expense.

After adoption, the Company accounts for the Convertible Notes as single liabilities measured at amortized cost. The Company did not elect the fair value option. Additionally, the Company will no longer incur non-cash interest expense for the amortization of debt discount related to the previously separated equity components. The Company will apply the if-converted methodology in computing diluted earnings per share if and when profitability is achieved.

The following table summarizes the adjustments made to the Company's condensed consolidated balance sheet as of January 1, 2022 as a result of applying the modified retrospective method in adopting ASU 2020-06:

	As Reported December 31, 2021	ASU 2020-06 Adjustments	As Adjusted January 1, 2022
		(in thousands)	
Convertible Notes	$ 539,782	$ 176,303	$ 716,085
Additional paid-in capital	$ 2,308,653	$ (307,371)	$ 2,001,282
Accumulated deficit	$ (2,489,772)	$ 131,068	$ (2,358,704)

Under the modified retrospective method, comparative prior periods are not adjusted. The adoption did not impact previously reported amounts in the Company's condensed consolidated statements of operations, cash flows and the basic and diluted net loss per share amounts.

4. Cash, Cash Equivalents and Investment Debt Securities

The following table summarizes the Company's cash, cash equivalents and investment debt securities as of March 31, 2022 and December 31, 2021:

	As of March 31, 2022				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
			(in thousands)		
Cash and cash equivalents:					
Cash and money market funds	$ 48,320	$ —	$ —	$ —	$ 48,320
Total cash and cash equivalents	48,320	—	—	—	48,320
Investment debt securities:					
Commercial paper	116,832	—	1	(282)	116,551
Corporate debt securities	190,218	—	4	(941)	189,281
Municipal bonds	5,000	—	—	—	5,000
U.S. government agency bonds	3,500	—	—	(41)	3,459
U.S Treasury securities	33,132	—	—	(41)	33,091
Total investment debt securities	348,682	—	5	(1,305)	347,382
Total cash, cash equivalents and investment debt securities	$ 397,002	$ —	$ 5	$ (1,305)	$ 395,702

	As of December 31, 2021				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)				
Cash and cash equivalents:					
Cash and money market funds	$ 76,709	$ —	$ —	$ —	$ 76,709
Commercial paper	8,000	—	—	—	8,000
Total cash and cash equivalents	84,709	—	—	—	84,709
Investment debt securities:					
Commercial paper	84,513	—	—	(49)	84,464
Corporate debt securities	232,721	—	16	(245)	232,492
Municipal bonds	5,028	—	—	(1)	5,027
U.S Treasury securities	12,998	—	—	(1)	12,997
Total investment debt securities	335,260	—	16	(296)	334,980
Total cash, cash equivalents and investment debt securities	$ 419,969	$ —	$ 16	$ (296)	$ 419,689

The aggregate fair value of the Company's available-for-sale investment debt securities that have been in a continuous unrealized loss position for less than twelve months or twelve months or longer is as follows:

	As of March 31, 2022					
	Less than 12 months		12 months or longer		Total	
	(in thousands)					
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Commercial paper	$ 111,565	$ (282)	$ —	$ —	$ 111,565	$ (282)
Corporate debt securities	171,713	(941)	—	—	171,713	(941)
U.S. government agency bonds	3,459	(41)	—	—	3,459	(41)
U.S. Treasury securities	33,091	(41)	—	—	33,091	(41)
Total	$ 319,828	$ (1,305)	$ —	$ —	$ 319,828	$ (1,305)

	As of December 31, 2021					
	Less than 12 months		12 months or longer		Total	
	(in thousands)					
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Commercial paper	$ 81,464	$ (49)	$ —	$ —	$ 81,464	$ (49)
Corporate debt securities	196,120	(245)	—	—	196,120	(245)
Municipal bonds	5,027	(1)	—	—	5,027	(1)
U.S Treasury securities	12,997	(1)	—	—	12,997	(1)
Total	$ 295,608	$ (296)	$ —	$ —	$ 277,584	$ (294)

At March 31, 2022 and December 31, 2021, respectively the Company had 101 and 97 available-for-sale investment debt securities in an unrealized loss position without an allowance for credit losses. Unrealized losses on corporate debt securities have not been recognized into income because the issuers' bonds are of high credit quality (rated A3/A- or higher) and the decline in fair value is largely due to market conditions and/or changes in interest rates. Management does not intend to sell and it is likely that management will not be required to sell the securities prior to the anticipated recovery of their amortized cost basis. The issuers continue to make timely interest payments on the bonds. The fair value is expected to recover as the bonds approach maturity.

Accrued interest receivable on available-for-sale investment debt securities totaled $1.0 million and $1.3 million at March 31, 2022 and December 31, 2021, respectively, is excluded from the estimate of credit losses and is included in Prepaid expenses and other current assets.

5. Fair Value Measurements

The carrying amounts of the Company's receivables and payables approximate their fair value due to their short maturities.

Accounting principles provide guidance for using fair value to measure assets and liabilities. The guidance includes a three-level hierarchy of valuation techniques used to measure fair value, defined as follows:

- Unadjusted Quoted Prices — The fair value of an asset or liability is based on unadjusted quoted prices in active markets for identical assets or liabilities (Level 1).

- Pricing Models with Significant Observable Inputs — The fair value of an asset or liability is based on information derived from either an active market quoted price, which may require further adjustment based on the attributes of the financial asset or liability being measured, or an inactive market transaction (Level 2).

- Pricing Models with Significant Unobservable Inputs — The fair value of an asset or liability is primarily based on internally derived assumptions surrounding the timing and amount of expected cash flows for the financial instrument. Therefore, these assumptions are unobservable in either an active or inactive market (Level 3).

The Company considers an active market as one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Conversely, the Company views an inactive market as one in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers. Where appropriate, non-performance risk, or that of a counterparty, is considered in determining the fair values of liabilities and assets, respectively.

The Company's cash deposits, money market funds and U.S. Treasury securities are classified within Level 1 of the fair value hierarchy because they are valued using bank balances or quoted prices from active markets. Commercial paper, corporate debt securities, municipal bonds and U.S. government agency bonds are classified as Level 2 instruments based on market pricing and other observable inputs.

Financial assets carried at fair value are classified in the tables below in one of the three categories described above:

	Total	Fair Value Measurements Using Level 1	Level 2	Level 3
		(in thousands)		
March 31, 2022				
Assets				
Cash and cash equivalents:				
Money market funds	$ 10,411	$ 10,411	$ —	$ —
Available-for-sale investment debt securities:				
Commercial paper	116,551	—	116,551	—
Corporate debt securities	189,281	—	189,281	—
Municipal bonds	5,000	—	5,000	—
U.S. government agency bonds	3,459	—	3,459	—
U.S. Treasury securities	33,091	33,091	—	—
Total financial assets	$ 357,793	$ 43,502	$ 314,291	$ —
December 31, 2021				
Assets				
Cash and cash equivalents:				
Money market funds	$ 39,287	$ 39,287	$ —	$ —
Commercial paper	8,000	—	8,000	—
Available-for-sale investment debt securities:				
Commercial paper	84,464	—	84,464	—
Corporate debt securities	232,492	—	232,492	—
Municipal bonds	5,027	—	5,027	—
U.S. Treasury securities	12,997	12,997	—	—
Total financial assets	$ 382,267	$ 52,284	$ 329,983	$ —

See Note 10 for the carrying amounts and estimated fair values of the Company's 3.50% Convertible Senior Secured Notes due 2026 ("2026 Convertible Secured Notes"), 2.00% Convertible Senior Notes due 2026 ("2026 Convertible Notes") and 3.25% Convertible Senior Notes due 2023 ("2023 Convertible Notes").

The aggregate fair value of all available-for-sale investment debt securities (commercial paper, corporate debt securities, municipal bonds, U.S. government agency bonds and U.S. Treasury securities), by contractual maturity, are as follows:

	Fair Value as of March 31, 2022	December 31, 2021
	(in thousands)	
Due in one year or less	$ 325,832	$ 305,914
Due after one year through two years	21,550	29,066
Total investment debt securities	$ 347,382	$ 334,980

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations without call or prepayment penalties.

6. Fixed Assets, Net

Fixed assets are stated at cost and depreciated or amortized using the straight-line method based on useful lives as follows:

	Useful lives (Years)	March 31, 2022	December 31, 2021
		(in thousands)	
Office equipment and software	3	$ 5,391	$ 5,373
Leasehold improvements	Shorter of remaining lease term or useful life	13,231	13,240
Furniture and fixtures	7	4,590	4,588
Subtotal		23,212	23,201
Less: accumulated depreciation		(20,153)	(19,824)
Fixed assets, net		$ 3,059	$ 3,377

7. Inventory

Inventories are stated at the lower of cost or market. Inventories consisted of the following:

	March 31, 2022	December 31, 2021
	(in thousands)	
Work-in-process	$ 7,487	$ 7,801
Finished goods	770	818
Inventory	$ 8,257	$ 8,619

8. Leases

The Company leases various office spaces under non-cancelable operating leases with original lease periods expiring between the second quarter of 2022 and 2027. The Company also enters into leases for equipment. A number of the Company's leases include one or more options to renew, with renewal terms that can extend the lease term. The exercise of lease renewal options is typically at the sole discretion of the Company. All renewals to extend the lease terms are not included in the right-of-use ("ROU") assets and lease liabilities as they are not reasonably certain of exercise.

Operating lease assets and liabilities are classified on the condensed consolidated balance sheets as follows:

Leases	Classification	March 31, 2022	December 31, 2021
Assets		(in thousands)	
Operating lease assets	Other assets	$ 7,762	$ 6,119
Total leased assets		$ 7,762	$ 6,119
Liabilities			
Current			
Operating lease liabilities	Accounts payable, accrued expenses and other liabilities	$ 1,650	$ 3,042
Noncurrent			
Operating lease liabilities	Long-term other liabilities	7,197	4,386
Total operating lease liabilities		$ 8,847	$ 7,428

Operating lease costs for the three-month periods ended March 31, 2022 and 2021, are as follows:

Lease Cost	Classification	Three Months Ended March 31, 2022	2021
		(in thousands)	
Operating lease cost	Selling, general and administrative expenses	$ 1,420	$ 1,685
Short-term lease cost	Selling, general and administrative expenses	562	639
Variable lease cost	Selling, general and administrative expenses	265	381
Net lease cost		$ 2,247	$ 2,705

Cash payments included in the measurement of the Company's operating lease liabilities reported in operating cash flows were $1.7 million and $2.2 million for the three months ended March 31, 2022 and 2021, respectively. During the three months ended March 31, 2022, the Company obtained a ROU asset of $3.2 million in exchange for new operating lease obligations of $3.2 million.

Maturities of the Company's operating lease liabilities, which do not include short-term leases, as of March 31, 2022 are as follows:

Maturity of Lease Liabilities	Operating leases
	(in thousands)
2022 (remaining)	$ 1,426
2023	2,926
2024	2,443
2025	1,901
2026	889
Thereafter	525
Total lease payments	10,110
Less: Present value discount	(1,263)
Total operating lease liabilities	$ 8,847

9. Accounts Payable, Accrued Expenses and Other Liabilities

Accounts payable, accrued expenses and other liabilities consisted of the following:

	March 31, 2022	December 31, 2021
	(in thousands)	
Accounts payable	$ 10,386	$ 18,132
Accrued employee compensation	12,832	24,511
Accrued contracted services	55,456	52,296
Accrued rebates, discounts and other incentives	57,102	51,283
Operating lease liabilities	1,650	3,042
Other liabilities	9,634	8,952
Accounts payable, accrued expenses and other liabilities	$ 147,060	$ 158,216

The Company has $42.0 million and $39.8 million in rebates as of March 31, 2022 and December 31, 2021, respectively, included in Accrued rebates, discounts and other incentives, for France, in which final pricing is subject to ongoing negotiations with the government.

Research & Development Tax Credit

The Company has benefited from the U.K. Small and Medium-sized Enterprise R&D Tax Credit scheme, or the SME scheme, under which it can obtain a tax credit of up to 33.4% of eligible research and development expenses incurred by

the Company in the U.K. Eligible expenses generally include employment costs for research staff, consumables, software and certain internal overhead costs incurred as part of research projects.

The Company has started to benefit from the U.K. Research and Development Expenditure Scheme, or the RDEC scheme, under which it can obtain a tax credit of 12% of eligible research and development expenses incurred by the Company in the U.K. The RDEC scheme is more restrictive than the SME scheme, and generally applies where qualifying R&D expenditure is not eligible for relief under the SME scheme.

The Company has submitted claims seeking to obtain tax credits for qualifying R&D expenses incurred in the 2015, 2016, 2017, 2018 and 2019 calendar years.

With respect to the 2018 RDEC claim, in June 2021, the Company received a payment of $4.2 million from Her Majesty's Revenue and Customs ("HMRC"), the U.K.'s government tax authority. In October 2021, the Company filed a letter of adjustment and made a cash repayment of $0.2 million to the HMRC due to submission of the amended claim. Given the claim review has not been finalized for the 2018 year, the $4.0 million net credit received along with a reduction of $0.3 million due to foreign currency is recorded as a deferred liability within Accounts payable, accrued expenses, and other liabilities.

With respect to the 2019 RDEC claim, in February 2022, the Company received a payment of $3.8 million from HMRC. Given the claim review has not been finalized for the 2019 year, the $3.8 million credit received is recorded as a deferred liability within Accounts payable, accrued expenses, and other liabilities.

10. Long-Term Debt

Debt, net of debt issuance costs and discounts, consisted of the following:

	March 31, 2022			December 31, 2021		
	2026 Convertible Secured Notes	2026 Convertible Notes	2023 Convertible Notes	2026 Convertible Secured Notes	2026 Convertible Notes	2023 Convertible Notes
	(in thousands)					
Liability component						
Principal	$ 500,000	$ 115,349	$ 113,655	$ 500,000	$ 115,349	$ 113,655
Unamortized debt issuance costs	(9,499)	(2,011)	(609)	(7,132)	(2,313)	(816)
Unamortized debt discount	—	—	—	(141,303)	(30,228)	(7,430)
Net carrying amount	$ 490,501	$ 113,338	$ 113,046	$ 351,565	$ 82,808	105,409
Equity component, net of issuance costs*	—	—	—	$ 147,458	$ 62,841	$ 97,072

*Recorded as a reduction of Additional paid-in capital upon the adoption of ASU 2020-06.

The Company has three series of convertible notes outstanding (together, the "Convertible Notes"). All three series are convertible under certain circumstances into cash, shares of the Company's common stock, or a combination thereof, at the Company's election.

The 2023 Convertible Notes were issued on July 6, 2016, in the amount of $460.0 million principal, at an interest rate of 3.25%. The Company received net proceeds from their sale of $447.6 million, net of $12.4 million in underwriting discounts, commissions, and estimated offering expenses.

The 2026 Convertible Notes were issued on May 14, 2019, in the amount of $230.0 million principal, at an interest rate of 2.00%. The Company received net proceeds from their sale of $223.4 million, net of $6.6 million in underwriting discounts, commissions, and estimated offering expenses.

On August 10, 2021, the Company entered into privately negotiated exchange and subscription agreements with a limited number of existing “accredited investors” and “qualified institutional buyers” (as defined under Securities Act rules) holding 2023 Convertible Notes and 2026 Convertible Notes to (1) exchange $306.5 million principal of 2023 Convertible Notes for $292.4 million principal of new notes, (2) exchange $114.7 million principal of 2026 Convertible Notes for $90.0 million principal of new notes, and (3) sell $117.6 million principal of new notes for cash. On August 17, 2021, these new notes were issued as 2026 Convertible Secured Notes in the amount of $500.0 million principal, at an interest rate of 3.50%. The Company received cash proceeds from the sale of notes of approximately $117.6 million. The Company also paid its financial advisor $10.0 million in stock for services rendered, in the amount of 769,823 shares, based on the closing price of $12.99 per share on August 20, 2021.

Further, on September 9, 2021, the Company entered into privately negotiated agreements with certain holders of 2023 Convertible Notes to repurchase $39.9 million principal for $38.1 million in cash, which purchase closed on September 14, 2021.

The approximate fair value of the Convertible Notes was determined as follows using Level 2 inputs based on quoted market values:

	March 31, 2022	December 31, 2021
	(in thousands)	
2026 Convertible Secured Notes	$ 538,660	$ 543,370
2026 Convertible Notes	$ 70,774	$ 69,492
2023 Convertible Notes	$ 107,262	$ 107,727

Previously, in accordance with ASC 470-20, the Company used effective interest rates to determine the liability components of the Convertible Notes, with the residual as the debt discount, with a corresponding increase to additional paid-in capital for the equity component of the Convertible Notes. Underwriting discounts, commissions, and estimated offering expenses (both cash and non-cash) (“debt issuance costs”) were allocated as debt or equity issuance costs in proportion to the allocation of the liability and equity components of the Convertible Notes, with debt issuance costs recorded as a deduction from the carrying value of the debt, and equity issuance costs recorded as an offset to additional paid-in capital.

The Note Indentures

The 2023 Convertible Notes, and the 2026 Convertible Notes, were each issued pursuant to a Base Indenture, dated as of July 6, 2016, between the Company and U.S. Bank National Association (“U.S. Bank”), as trustee, and a First Supplemental Indenture (with respect to the 2023 Convertible Notes) and Second Supplemental Indenture (with respect to the 2026 Convertible Notes), dated July 6, 2016, and May 14, 2019, respectively, each between the Company and U.S. Bank as trustee. The 2026 Convertible Secured Notes were issued pursuant to a Base Indenture and a First Supplemental Indenture, each dated as of August 17, 2021, between the Company and U.S. Bank as trustee and collateral agent. In connection with the issuance of the 2026 Convertible Secured Notes, the Company also entered into a Security Agreement, dated as of August 17, 2021, with U.S. Bank as collateral agent.

Pursuant to these indentures, the 2023 Convertible Notes and 2026 Convertible Notes are senior unsecured obligations, and the 2026 Convertible Secured Notes are senior secured obligations, of the Company. Each indenture provides for customary events of default.

Each series of notes bears a fixed rate of interest as identified above, payable semi-annually in arrears:

	Semi-annual payment dates			
	First payment date	First	Second	Maturity date*
2026 Convertible Secured Notes	February 15, 2022	February 15	August 15	February 15, 2026
2026 Convertible Notes	November 15, 2019	May 15	November 15	May 15, 2026
2023 Convertible Notes	January 1, 2017	January 1	July 1	July 1, 2023

* Unless earlier repurchased, redeemed, or converted.

Each of the three series of notes is convertible under certain circumstances. Prior to January 1, 2023 (for the 2023 Convertible Notes), February 15, 2026 (for the 2026 Convertible Notes), and November 15, 2025 (for the 2026 Convertible Secured Notes), holders may convert their notes only under any of the following circumstances:

(i) During any calendar quarter commencing after the calendar quarter ended on September 30, 2016 (for the 2023 Convertible Notes), June 30, 2019 (for the 2026 Convertible Notes), or December 31, 2021 (for the 2026 Convertible Secured Notes), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is at least 130% of the applicable conversion price (as defined in the applicable indenture) on each applicable trading day (the "Stock Price Conversion Condition").

(ii) During the five business day period after any five consecutive trading day period in which the trading price (as defined in the applicable indenture) per $1,000 principal amount for each trading day was less than 98% of the product of the last reported sale price of the Company's common stock and the applicable conversion rate (as defined in the applicable indenture) on each such trading day.

(iii) If the Company calls any or all of the applicable series of notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date.

(iv) Upon the occurrence of specified corporate events.

After those dates, holders may convert their notes, regardless of the foregoing circumstances, at any time until immediately preceding the applicable maturity date.

Upon conversion of notes, the Company will pay or deliver cash, shares of common stock (or cash in lieu of fractional shares), or a combination of cash and common stock, at the Company's election.

The initial conversion rates of the Convertible Notes per $1,000 principal amount, and the approximate conversion price, are as follows:

	Initial conversion rate	Approximate conversion price
2026 Convertible Secured Notes	47.7612	$20.94
2026 Convertible Notes	9.2123	$108.55
2023 Convertible Notes	5.0358	$198.58

These conversion rates are subject to adjustment upon occurrence of certain events but will not be adjusted for accrued and unpaid interest. Also, if certain specified events occur, the conversion rate will be increased for notes converted in connection with such events.

The Convertible Notes are redeemable by the Company in certain circumstances starting July 6, 2021 (for the 2023 Convertible Notes), May 20, 2023 (for the 2026 Convertible Notes), and February 20, 2024 (for the 2026 Convertible Secured Notes). After such dates, the Company may redeem for cash all or any part of the applicable Convertible Notes, at its option, if the last reported sale price of the common stock has been at least 130% of the applicable conversion price

then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on and including the trading day immediately preceding the date of the applicable notice of redemption. The redemption price is equal to 100% of the principal amount redeemed, plus accrued and unpaid interest to (but excluding) the redemption date.

No sinking fund is provided for any of the Convertible Notes.

If the Company undergoes a fundamental change (as defined in the applicable indenture), noteholders may require the Company to repurchase for cash all or any portion of their notes at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to (but excluding) the fundamental change repurchase date.

Upon the occurrence of certain corporate events (i.e., a “make-whole fundamental change”, as defined in the applicable indenture), the Company will, under certain circumstances, increase the conversion rate for holders of the Convertible Notes who elect to convert in connection with such corporate events. In addition, with respect to the 2026 Convertible Secured Notes, (1) if the Company elects to redeem all or part of such notes and provides notice of redemption to the holders or (2) if the Stock Price Conversion Condition is satisfied with respect to any calendar quarter commencing after the quarter ended September 30, 2022, the Company will, under certain circumstances, increase the conversion rate for holders who elect to convert (1) during the related redemption period, or (2) in connection with such Stock Price Conversion Condition. Upon a Company redemption of the 2026 Convertible Secured Notes, holders of notes called for redemption may be eligible to receive a make-whole premium. The Company, at its option, will satisfy the conversion obligation through cash, shares of common stock, or a combination of cash and common stock. The right to redeem the 2026 Convertible Secured Notes requires the Company to specify a date of redemption no earlier than 60 days and no later than 90 days after the notice of redemption is sent. If a holder elects to convert its 2026 Convertible Secured Notes prior to the effective date of a make-whole fundamental change or the date of the redemption notice, then it is not entitled to the increased conversion rate in connection with such make-whole fundamental change or redemption.

Upon certain events of default occurring and continuing, either the indenture trustee or holders of at least 25% in aggregate principal amount of a series of notes then outstanding may declare the entire principal amount of that series of notes, and accrued interest, if any, to be immediately due and payable. Upon events of default involving specified bankruptcy events involving the Company, the Convertible Notes are due and payable immediately.

The 2026 Convertible Secured Notes indenture and security agreement include (1) customary covenants, (2) guarantor provisions, and (3) collateral provisions. The 2026 Convertible Secured Notes may become guaranteed in the future by subsidiaries of the Company that meet certain threshold requirements, with the 2026 Convertible Secured Notes becoming senior obligations of such guarantor. The 2026 Convertible Secured Notes are secured by a first priority security interest in substantially all assets of the Company, and of any guarantors, subject to certain exceptions.

The Capped Call Transactions

On June 30, 2016, in connection with the pricing of the 2023 Convertible Notes, the Company entered into privately-negotiated capped call agreements (the “Base Capped Calls”) with each of Royal Bank of Canada, UBS AG, London Branch, and Credit Suisse Capital LLC. On July 1, 2016, in connection with the underwriters’ exercise of their over-allotment option in full, the Company entered into additional capped call agreements (the “Additional Capped Calls” and, together with the Base Capped Calls, the “Capped Calls”) with same counterparties.

The Capped Calls are considered to be instruments indexed to the Company’s own shares and met the criteria to be classified within equity. Therefore, they are not remeasured.

In August 2021, in connection with the exchange of 2023 Convertible Notes, of the 460,000 Capped Call options outstanding (400,000 Base Capped Call options and 60,000 Additional Capped Call Options), 306,486 options were terminated (246,486 Base Capped Call options and 60,000 Additional Capped Call options), equivalent to approximately 1.5 million shares.

In September 2021, in connection with the additional repurchase of $39.9 million of 2023 Convertible Notes, 39,859 more Capped Call options were terminated, equivalent to approximately 0.2 million shares, with 113,655 Base Capped Call options remaining, equivalent to approximately 0.6 million shares.

Interest Expense on Convertible Notes

The table summarizes the total interest expense recognized in the periods presented:

	Three Months Ended March 31, 2022				Three Months Ended March 31, 2021			
	2026 Convertible Secured Notes	2026 Convertible Notes	2023 Convertible Notes	Total	2026 Convertible Secured Notes	2026 Convertible Notes	2023 Convertible Notes	Total
	(in thousands)							
Contractual interest expense	$ 4,375	$ 577	$ 924	$ 5,876	$ —	$ 1,150	$ 3,737	$ 4,887
Amortization of debt issuance costs	563	115	119	797	—	191	480	671
Accretion of debt discount	—	—	—	—	—	2,491	4,370	6,861
Total interest expense	$ 4,938	$ 692	$ 1,043	$ 6,673	$ —	$ 3,832	$ 8,587	$ 12,419

The effective interest rates during the three months ended March 31, 2022 for the 2026 Convertible Secured Notes, 2026 Convertible Notes and 2023 Convertible Notes are 4.03%, 2.44% and 3.69%, respectively. The effective interest rates during the three months ended March 31, 2021 for the 2026 Convertible Notes and 2023 Convertible Notes were 9.90% and 8.42%, respectively. Accrued interest on the Convertible Notes was approximately $4.0 million and $8.6 million as of March 31, 2022 and December 31, 2021, respectively.

The Company's total recorded debt issuance costs are $17.3 million, which are being amortized using the effective interest method through the date of maturity. As of March 31, 2022, and December 31, 2021, $12.1 million and $10.3 million, respectively, of debt issuance costs are unamortized on the condensed consolidated balance sheets in Long-term debt. Cash payments for interest were $10.5 million and $7.5 million for the three months ended March 31, 2022 and 2021, respectively.

11. Product Revenue, Net

The Company recognized net sales of Ocaliva of $88.6 million and $81.7 million for the three months ended March 31, 2022 and 2021, respectively

The table below summarizes consolidated product revenue, net by region:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Product revenue, net:		
U.S.	$ 59,146	$ 57,299
ex-U.S.	29,436	24,362
Total product revenue, net	$ 88,582	$ 81,661

Credit Losses

The following table summarizes the allowance for credit losses activity on the Company's trade receivables for the three-month period ended March 31, 2022 (in thousands):

Balance at December 31, 2021	$	296
Provision for credit losses		(41)
Write-offs		—
Balance at March 31, 2022	$	255

12. Stock Compensation

The Company's 2012 Equity Incentive Plan ("2012 Plan") became effective upon the pricing of its initial public offering in October 2012. At the same time, the Company's 2003 Stock Incentive Plan ("2003 Plan") was terminated and 555,843 shares available under the 2003 Plan were added to the 2012 Plan.

On January 1, 2022, the number of shares available for issuance under the 2012 Plan increased by 1,182,918 shares, as a result of the automatic increase provisions thereof.

The Company launched on August 16, 2021, and closed on September 17, 2021, an offer to exchange eligible out-of-the-money employee stock options for a lesser number of new options with at-the-money strike prices (the "Option Exchange"). Following expiration of the Option Exchange, out of 703,967 eligible options, the Company accepted for exchange 612,080 original options, with a weighted average exercise price of $99.79 and exchanged them for 338,848 new options, granted effective September 20, 2021, with a strike price of $15.18, the closing stock price on that day. The original options have been cancelled. Original options that had already vested were exchanged for new options vesting one year from the new grant date, subject to the employee's continued employment. Original options that had not already vested were exchanged for new options vesting two years from the new grant date, subject to the employee's continued employment. New options will expire 6.5 years after the grant date.

The estimated fair value of the stock options granted in the three months ended March 31, 2022 was determined utilizing a Black-Scholes option-pricing model at the date of grant. The fair value of the RSUs granted in the three months ended March 31, 2022 was determined utilizing the closing price of the Company's common stock on the date of grant. The fair value of the performance restricted stock units ("PRSUs") granted in the three months ended March 31, 2022 was determined utilizing the Monte Carlo simulation method. The Company accounts for all forfeitures when they occur. Ultimately, the actual expense recognized over the vesting period will be for only those shares that vest and are not forfeited.

The following table summarizes stock option activity during the three months ended March 31, 2022:

	Number of Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2021	2,252	$ 50.28	7.2	$ 408
Granted	352	$ 14.67	—	$ —
Exercised	—	$ —	—	$ —
Cancelled/forfeited	(38)	$ 29.63	—	$ —
Expired	(69)	$ 110.37	—	$ —
Outstanding at March 31, 2022	2,497	$ 43.93	7.4	$ 965
Expected to vest	1,558	$ 22.81	8.6	$ 965
Exercisable	939	$ 78.98	5.5	$ —

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the underlying options and the fair value of the Company's common stock for those options that had exercise prices lower than the fair value of the Company's common stock. As of March 31, 2022, the total compensation cost related to non-vested option awards not yet recognized is approximately $22.5 million with a weighted average remaining vesting period of 1.34 years.

The Company estimated the fair value of stock options granted in the periods presented utilizing a Black-Scholes option-pricing model utilizing the following assumptions:

	Three Months Ended March 31,			
	2022		2021	
Volatility	66.4 - 67.1	%	65.2 - 65.9	%
Expected term (in years)	6.0		6.0	
Risk-free rate	1.3 - 1.7	%	0.4 - 0.7	%
Expected dividend yield	—	%	—	%

The following table summarizes the aggregate RSU, restricted stock award ("RSA") and PRSU activity during the three months ended March 31, 2022:

	Number of Awards (in thousands)		Weighted Average Grant Date Fair Value
Non-vested awards at December 31, 2021	968	$	39.58
Granted	690	$	15.61
Vested	(43)	$	47.41
Forfeited	(49)	$	63.57
Non-vested awards at March 31, 2022	1,566	$	28.03

As of March 31, 2022, there is approximately $34.3 million of total unrecognized compensation expense related to unvested RSUs, RSAs and PRSUs, which is expected to be recognized over a weighted average vesting period of 1.83 years.

During the three months ended March 31, 2022, the Company granted a total of 168,600 PRSUs to certain of the Company's executive officers. The performance criterion for such PRSUs is based on the Total Shareholder Return ("TSR") of the Company's common stock relative to the TSR of the companies comprising the S&P Biotechnology Select Industry Index (the "TSR Peer Group") over a 3-year performance period and is accounted for as a market condition under ASC Topic 718, *Compensation – Stock Compensation*. The TSR for the Company or a member of the TSR Peer Group is calculated by dividing (a) the difference of the ending average stock price minus the beginning average stock price by (b) the beginning average stock price. The beginning average stock price equals the average closing stock price over the one calendar month period prior to the beginning of the performance period, after adjusting for dividends, as applicable. The ending average stock price equals the average closing price over the one calendar month period ending on the last day of the performance period, after adjusting for dividends, as applicable. The Company's relative TSR is then used to calculate the payout percentage, which may range from zero percent (0%) to one hundred and fifty percent (150%) of the target award. The Company utilized a Monte Carlo simulation to determine the grant date fair value of such PRSUs.

The Company recorded approximately $0.3 million of stock-based compensation related to such PRSUs granted during the three months ended March 31, 2022.

Stock-based compensation expense has been reported in the Company's condensed consolidated statements of operations as follows:

	Three Months Ended March 31,	
	2022	2021
Selling, general and administrative	$ 5,324	$ 6,389
Research and development	1,396	2,026
Restructuring	—	4
Total stock-based compensation	$ 6,720	$ 8,419

13. Net Loss Per Share

Basic loss per share is computed by dividing net loss attributable to common stockholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. For the three-month periods ended March 31, 2022 and 2021, as the Company was in a net loss position, the diluted loss per share computations for such periods did not assume the conversion of the Convertible Notes, exercise of stock options or vesting of RSUs or PRSUs as they would have had an anti-dilutive effect on loss per share.

The following potentially dilutive securities have been excluded from the computations of diluted weighted average shares outstanding for the three-month periods ended March 31, 2022 and 2021, as the inclusion thereof would have been anti-dilutive:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Shares issuable upon conversion of Convertible Notes	25,513	4,435
Options	2,431	2,730
Unvested restricted stock units	1,392	1,195
Total	29,336	8,360

14. Commitments and Contingencies

Legal Proceedings

The Company is involved in various disputes, legal proceedings and litigation in the course of its business, including the matters described below and, from time to time, governmental inquiries and investigations and employment and other litigation. These matters, which could result in damages, fines or other administrative, civil or criminal remedies, liabilities or penalties, are often complex and the outcome of such matters is often uncertain. The Company may from time to time enter into settlements to resolve such matters.

Shareholder Litigation

The Company currently is involved in two purported shareholder class action lawsuits, as well as related derivative suits. While the Company believes that it has a number of valid defenses to the claims of the litigants, and intends to vigorously defend itself, matters are in early stages of litigation, and no assessment can be made as to likely outcomes or whether these matters will be material to the Company. Accordingly, an estimate of the potential loss, or range of loss, if any, to the Company relating to these matters is not possible at this time.

The 2017 Litigation

On September 27, 2017, a purported shareholder class action, initially styled DeSmet v. Intercept Pharmaceuticals, Inc., et al., was filed in the United States District Court for the Southern District of New York, naming the Company and certain of its officers as defendants. On June 1, 2018, the Court appointed lead plaintiffs in the lawsuit, and on July 31,

2018, the lead plaintiffs filed an amended complaint, captioned Hou Liu and Amy Fu v. Intercept Pharmaceuticals, Inc., et al., naming the Company and certain of its current and former officers as defendants. The lead plaintiffs claim to be suing on behalf of anyone who purchased or otherwise acquired the Company's common stock between June 9, 2016 and September 20, 2017. This lawsuit alleges that material misrepresentations and/or omissions of material fact were made in the Company's public disclosures during that period, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder. The alleged improper disclosures relate to statements regarding Ocaliva dosing and use, and pharmacovigilance-related matters, as well as the Company's operations, financial performance, and prospects. The plaintiffs seek unspecified monetary damages on behalf of the putative class, an award of costs and expenses, including attorney's fees, and rescissory damages. On September 14, 2018, the Company filed a motion to dismiss the amended complaint. On March 26, 2020, the Court granted the Company's motion to dismiss the amended complaint in its entirety, and on March 27, 2020 the Court entered judgment in favor of the Company. On May 8, 2020, the plaintiffs filed a motion to set aside the judgment and grant leave to file a second amended complaint. On September 9, 2020, the Court denied the plaintiffs' motion, finding that the proposed second amended complaint did not cure the deficiencies identified in the amended complaint. On October 9, 2020, the plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit and on January 25, 2021, the plaintiffs filed an appellate brief challenging the March 27, 2020 judgment, the September 9, 2020 judgment, and other court orders. On April 23, 2021, the Company filed a response brief in the Second Circuit appellate proceeding. On May 14, 2021, the plaintiffs filed a reply brief. On December 9, 2021, oral argument was held in the Second Circuit.

Separately, on December 1, 2017, a purported shareholder demand was made on the Company based on substantially the same allegations as those set forth in the securities case above. Also, on January 5, 2018, a follow-on derivative suit, styled Davis v. Pruzanski, et al., was filed in New York state court by shareholder Gregg Davis based on substantially the same allegations as those set forth in the securities case above. The court has entered an order staying the derivative litigation pending the outcome of the related securities case.

The 2020 Litigation

On November 5, 2020, a purported shareholder class action, initially styled Chauhan v. Intercept Pharmaceuticals, Inc., et al., was filed in the United States District Court for the Eastern District of New York, naming the Company and certain of its officers as defendants. On January 4, 2021, the lawsuit was transferred to the United States District Court for the Southern District of New York. On January 25, 2021, the Court appointed lead plaintiff in the lawsuit, and on March 15, 2021, the lead plaintiff filed a corrected amended complaint, captioned Richard Rice, as Trustee of the Richard E. and Melinda Rice Revocable Family Trust 5/9/90, and Christian Stankevitz v. Intercept Pharmaceuticals, Inc., et al., naming the Company and certain of its former officers as defendants. The lead plaintiff claims to be suing on behalf of anyone who purchased or otherwise acquired the Company's securities between September 28, 2019 and October 7, 2020. This lawsuit alleges that material misrepresentations and/or omissions of material fact were made in the Company's public disclosures during that period, in violation of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder. The alleged improper disclosures relate to statements regarding the Company's New Drug Application ("NDA") for OCA for the treatment of liver fibrosis due to NASH, and the use of Ocaliva in patients with PBC, as well as the Company's operations, financial performance, and prospects. The plaintiff seeks unspecified monetary damages on behalf of the putative class, and an award of costs and expenses, including attorney's fees. On April 26, 2021, the Company filed a motion to dismiss the amended complaint. On May 26, 2021, the plaintiff filed an opposition to the motion to dismiss, and on June 9, 2021, the Company filed a reply brief. On February 16, 2022, oral argument was held in the United States District Court for the Southern District of New York. On March 21, 2022, the District Court granted the Company's motion to dismiss, and dismissed the amended complaint without prejudice, on account of lack of adequately pleaded material misrepresentations or omissions, scienter, and loss causation. On April 19, 2022, plaintiff's counsel informed the court that plaintiff did not intend to file an amended complaint or appeal the order to dismiss.

Separately, on December 29, 2020, a follow-on derivative suit, styled Rabinovich v. Fundarò, et al., was filed in the United States District Court for the Southern District of New York by shareholder Delfin Rabinovich based on substantially the same allegations as those set forth in the securities case immediately above. On January 28, 2021, this lawsuit was transferred to the United States District Court for the District of Delaware. On February 1, 2021, a second follow-on derivative suit, styled Fung v. Fundarò, et al., was filed in the United States District Court for the District of Delaware based on the substantially same allegations as those set forth in the securities case immediately above and the Rabinovich

derivative action. On March 1, 2021, these follow-on derivative suits were consolidated in a single suit titled In re Intercept Pharmaceuticals, Inc. Derivative Litigation. On March 15, 2021, the District of Delaware entered an order staying the consolidated derivative litigation pending a decision on the motion to dismiss in the related securities case. On April 28, 2022, the plaintiffs gave notice of voluntary dismissal.

Patent Litigation

The Company has received paragraph IV certification notice letters from six generic drug manufacturers indicating that each such manufacturer submitted to the FDA an Abbreviated New Drug Application ("ANDA") seeking approval to manufacture and sell a generic version of the Company's 5 mg and 10 mg dosage strengths of Ocaliva® (obeticholic acid) for PBC prior to the expiration of certain patents listed for Ocaliva in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations (the "Orange Book").

The six generic drug manufacturers and when we received their initial paragraph IV certification notices are as follows: (1) Apotex Inc. (July 2020), (2) Lupin Limited (July 2020), (3) Amneal Pharmaceuticals of New York, LLC, as U.S. agent for Amneal EU Limited (July 2020), (4) Optimus Pharma Pvt Ltd (July 2020), (5) MSN Pharmaceuticals Inc. and MSN Laboratories Private Limited (July 2020), and (6) Dr. Reddy's Laboratories, Inc., and Dr. Reddy's Laboratories, Ltd. (December 2020).

Each paragraph IV certification notice alleged that the challenged Orange Book patents were invalid, unenforceable, and/or would not be infringed by the commercial manufacture, use, or sale of the generic products described in the generic manufacturer's respective ANDA. In each case, within 45 days of receipt of the paragraph IV certification notice, the Company initiated a patent infringement suit against the generic manufacturer in the United States District Court for the District of Delaware. As a result, under the Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Act"), the FDA cannot grant final approval of each generic manufacturer's ANDA before the earlier of November 27, 2023, or a court decision in their favor. The Company has since received additional paragraph IV certification notices from certain of the six generic manufacturers challenging additional Ocaliva Orange Book patents, and the Company has been amending its complaints against the generic challengers accordingly to add infringement allegations in relation thereto.

The challenged Ocaliva Orange Book patents that are the subject of the ongoing patent litigation are U.S. Patents Nos. RE 48,286 (the "'286 Patent"), 9,238,673 (the "'673 Patent"), 10,047,117 (the "'117 Patent"), 10,052,337 (the "'337 Patent"), 10,174,073 (the "'073 Patent"), 10,751,349 (the "'349 Patent"), and 10,758,549 (the "'549 Patent").

Trial against all of the generic challengers is scheduled for February 27, 2023.

These patent proceedings are costly and time-consuming, and successful challenges to the Company's patent or other intellectual property rights could result in the Company losing those rights in the relevant jurisdiction, and could allow third parties to use the Company's proprietary technologies without a license from the Company or its collaborators. While the Company intends to vigorously defend and enforce its intellectual property rights protecting Ocaliva, the Company can offer no assurances regarding when these lawsuits will be decided, which side will prevail, or whether a generic equivalent of Ocaliva could be approved and enter the market before the expiration of the Company's patents.

15. Subsequent Events

On May 5, 2022, the Company entered into a series of agreements to sell to Advanz Pharma its ex-U.S. commercial operations, including certain foreign subsidiaries, and sublicense the right to commercialize Ocaliva outside of the U.S. The Company will receive consideration in the amount of $405 million upfront, subject to customary working capital and other adjustments. The Company will receive an additional cumulative $45 million from Advanz Pharma contingent upon receipt of extensions of orphan drug exclusivity from certain regulatory authorities in Europe. The transaction is subject to customary legal and regulatory closing conditions and is expected to be completed during 2022.

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

You should read the following discussion and analysis together with our condensed consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"). This discussion and analysis contains forward-looking statements, which involve risks and uncertainties. As a result of many factors, such as those described under "Cautionary Note Regarding Forward-Looking Statements," "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

We are a biopharmaceutical company focused on the development and commercialization of novel therapeutics to treat progressive non-viral liver diseases with high unmet medical need utilizing our proprietary bile acid chemistry. Our first marketed product, Ocaliva® (obeticholic acid or "OCA"), is a farnesoid X receptor ("FXR") agonist approved in the United States, the United Kingdom, the European Union and several other jurisdictions for the treatment of primary biliary cholangitis ("PBC") in combination with ursodeoxycholic acid ("UDCA") in adults with an inadequate response to UDCA or as monotherapy in adults unable to tolerate UDCA.

In addition to commercializing OCA for PBC under the Ocaliva brand name, we are also currently developing OCA for additional indications, including nonalcoholic steatohepatitis ("NASH"). We are also developing product candidates in various stages of clinical and preclinical development. We believe that OCA and our other product candidates have the potential to treat orphan and other more prevalent liver diseases such as NASH for which there are currently limited therapeutic options.

Ocaliva was approved for PBC by the U.S. Food and Drug Administration ("FDA") in May 2016 under the accelerated approval pathway. We commenced sales and marketing of Ocaliva in the United States shortly after receiving approval, and Ocaliva is now available to U.S. patients primarily through a network of specialty pharmacy distributors. Ocaliva received conditional approval for PBC from the European Commission in December 2016 and we commenced our commercial launches across Europe (including the United Kingdom) in January 2017. In addition, we continue to work to execute on our post-marketing regulatory commitments with respect to Ocaliva in the U.S. and Europe. We will continue to generate placebo controlled data from the COBALT trial as well as data from studies utilizing real world evidence in support of a broader evidence data package, which we anticipate submitting to the FDA and the EMA in the second half of 2022. If this data package does not support fulfillment of our post-marketing obligations, we may not be able to maintain our previously granted marketing approvals of Ocaliva for PBC.

Our lead development product candidate is OCA for the potential treatment of NASH. In February 2019, we announced topline results from the planned 18-month interim analysis of our pivotal Phase 3 clinical trial of OCA in patients with liver fibrosis due to NASH, known as the REGENERATE trial. The REGENERATE trial is ongoing and is expected to continue through clinical outcomes for verification and description of the clinical benefit of OCA. In June 2020, we received a complete response letter ("CRL") from the FDA stating that our NDA for OCA for the treatment of liver fibrosis due to NASH could not be approved in its present form. We had our end of review meeting with the FDA in October 2020 to discuss the FDA's risk-benefit assessment in the CRL based on its review of the available data, as well as our proposed resubmission of our NDA for the treatment of liver fibrosis due to NASH. The meeting was constructive and the FDA provided us with helpful guidance regarding supplemental data we can provide to further characterize OCA's efficacy and safety profile that could support resubmission based on our Phase 3 REGENERATE 18-month biopsy data, together with a safety assessment from our ongoing studies.

Following our end of review meeting, we have held a productive dialogue with FDA regarding the REGENERATE study to clarify data, a new consensus read methodology for liver biopsies, and analyses required to resubmit our NDA.

We are also in the process of generating a new data package from our REGENERATE study using the new liver biopsy consensus read methodology. We continue to target a potential pre-NDA submission meeting with the FDA in June 2022.

As part of our product development activities, we expect to continue to invest in evaluating the potential of OCA in progressive non-viral liver diseases. We are currently conducting a Phase 3 clinical trial in NASH patients with compensated cirrhosis, known as the REVERSE trial. The liver biopsy samples from REVERSE are being evaluated utilizing a similar, new consensus methodology to what we are using for REGENERATE. We expect top line data from our Phase 3 REVERSE trial in the third quarter of 2022.

We are evaluating the efficacy, safety and tolerability of OCA in combination with bezafibrate in patients with PBC in a Phase 2 study outside of the United States. In the United States, we have an ongoing Phase 1 study to better characterize the exposure response of the fixed-dose combination, and we have an open Investigational New Drug ("IND") application with the FDA. We are also in the process of initiating a second Phase 2 study in the United States. Our longer-term goal is developing and seeking regulatory approval for a fixed dose combination regimen in PBC and potentially in other diseases.

In addition, we have other compounds in early stages of research and development in our pipeline, including our INT-787 compound, an FXR agonist. We are currently evaluating INT-787 in a Phase 1 clinical trial. We have submitted an IND in the first half of 2022.

Financial Overview

Revenue

We commenced our commercial launch of Ocaliva for the treatment of PBC in the United States in June 2016. In December 2016, the European Commission granted conditional approval for Ocaliva for the treatment of PBC and we commenced our European commercial launch in January 2017. Since January 2017, Ocaliva has also received regulatory approval in several of our target markets outside the United States and Europe, including (but not limited to) Canada, Israel, and Australia. We sell Ocaliva to a limited number of specialty pharmacies which dispense the product directly to patients. The specialty pharmacies are referred to as our customers.

Product Revenue, Net

We recognize revenue upon delivery of Ocaliva to our customers, net of discounts, rebates and incentives associated with the product. We provide the right of return to our customers for unopened product for a limited time before and after its expiration date.

Under Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), we have written contracts with each of our customers that have a single performance obligation — to deliver products upon receipt of a customer order — and these obligations are satisfied when delivery occurs and the customer receives Ocaliva. We evaluate the creditworthiness of each of our customers to determine whether collection is reasonably assured. We estimate variable revenue by calculating gross product revenues based on the wholesale acquisition cost that we charge our customers for Ocaliva, and then estimating our net product revenues by deducting (i) estimated government rebates and discounts related to Medicare, Medicaid and other government programs, (ii) estimated costs of incentives offered to certain indirect customers including patients and (iii) trade allowances, such as invoice discounts for prompt payment and customer fees.

We recognized net sales of Ocaliva of $88.6 million and $81.7 million for the three months ended March 31, 2022 and 2021, respectively.

Selling, General and Administrative Expenses

We have incurred and expect to continue to incur significant selling, general and administrative ("SG&A") expenses as a result of, among other initiatives, the commercialization of Ocaliva for PBC in the United States, the United Kingdom,

the European Union and our other target markets. In addition, we have incurred significant selling, general and administrative expenses and may in the future incur similar expenses in connection with the preparation for the potential commercialization of OCA for liver fibrosis due to NASH, if approved, and our other future approved products, if any, and any maintenance of our general and administrative infrastructure in the United States and abroad.

Research and Development Expenses

Since our inception, we have focused significant resources on our research and development activities, including conducting preclinical studies and clinical trials, pursuing regulatory approvals and engaging in other product development activities. We recognize research and development expenses as they are incurred.

We have incurred and expect to continue to incur significant research and development expenses as a result of, among other initiatives, our clinical development programs for OCA for PBC and NASH, our other earlier stage research programs and our regulatory approval efforts.

Results of Operations

Comparison of the Three Months Ended March 31, 2022 and 2021

The following table summarizes our results of operations for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Revenue:		
Product revenue, net	$ 88,582	$ 81,661
Total revenue	88,582	81,661
Operating expenses:		
Cost of sales	758	810
Selling, general and administrative	50,007	59,271
Research and development	48,089	50,766
Restructuring	—	161
Total operating expenses	98,854	111,008
Other income (expense):		
Interest expense	(6,673)	(12,419)
Other (expense) income, net	(339)	1,346
Total other (expense), net	(7,012)	(11,073)
Net loss	$ (17,284)	$ (40,420)

Revenues

Product revenue, net was $88.6 million and $81.7 million for the three months ended March 31, 2022 and 2021, respectively. For the three months ended March 31, 2022 and 2021, product revenue, net was comprised of U.S. Ocaliva net sales of $59.2 million and $57.3 million, respectively, and ex-U.S. Ocaliva net sales of $29.4 million and $24.4 million, respectively. The increase in product revenues was driven by operational growth, primarily due to higher unit sales volumes and higher net pricing in select markets.

Cost of sales

Cost of sales was $0.8 million and $0.8 million for the three months ended March 31, 2022 and 2021, respectively. Our cost of sales for the three months ended March 31, 2022 and 2021 consisted primarily of packaging, labeling, materials and related expenses.

Selling, general and administrative expenses

Selling, general and administrative expenses were $50.0 million and $59.3 million for the three months ended March 31, 2022 and 2021, respectively. The $9.3 million net decrease between periods was primarily driven by our ongoing efforts to manage our operational costs.

Research and development expenses

Research and development expenses were $48.1 million and $50.8 million for the three months ended March 31, 2022 and 2020, respectively. The $2.7 million net decrease between periods was primarily driven by our lower spend on our NASH program and cost efficiencies gained through reduced utilization of third-party resources in certain functional areas.

Interest expense

Interest expense was $6.7 million and $12.4 million for the three months ended March 31, 2022 and 2021, respectively. For the quarter ended March 31, 2022, interest expense related to the principal amounts outstanding for the 2023 Convertible Notes, 2026 Convertible Notes and 2026 Convertible Secured Notes and no longer included any accretion of debt discounts, which was $6.9 million for the three months ended March 31, 2021, after the adoption of ASU 2020-06. For the quarter ended March 31, 2021, interest expense related to the principal amounts outstanding for the 2023 Convertible Notes and 2026 Convertible Notes.

Other (expense) income, net

Other (expense) income, net was $(0.3) million and $1.3 million for the three months ended March 31, 2022 and 2021, respectively. Such (expense) income is primarily attributable to realized losses on foreign currency transactions and interest income earned on cash, cash equivalents and investment debt securities, respectively.

Income taxes

For the three months ended March 31, 2022 and 2021, no income tax expense or benefit was recognized. Our deferred tax assets are comprised primarily of net operating loss carryforwards. We maintain a full valuation allowance on our deferred tax assets since we have not yet achieved sustained profitable operations. As a result, we have not recorded any income tax benefit since our inception.

Liquidity and Capital Resources

Sources of liquidity

Since inception, we have incurred significant operating losses. We have never been profitable and do not expect to be profitable in the foreseeable future. To date, we have financed our operations primarily through public and private securities offerings, sales of product and payments received under our licensing and collaboration agreements.

Continued cash generation is highly dependent on the success of our commercial product, Ocaliva, as well as the success of our product candidates if approved.

We have devoted substantially all of our resources to the development of our product candidates, including the conduct of our clinical trials, the launch and commercialization of Ocaliva for PBC, preparation for a potential launch of OCA for liver fibrosis due to NASH and general and administrative operations, including the protection of our intellectual property. We intend to continue to develop OCA and our other existing product candidates, alone or in combination, for non-viral liver diseases. If OCA or any of our other product candidates fails in clinical trials or does not gain or maintain regulatory approval, or if OCA or any of our other product candidates does not achieve market acceptance, we may never become profitable. Our net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders' deficit and working capital.

Our executive officers and our Board of Directors periodically review our sources and potential uses of cash in connection with our annual budgeting process. Generally speaking, our principal funding source is cash from operating activities, and our principal cash requirements include operating expenses and interest payments.

We expect to continue to incur losses for the foreseeable future, and we expect these losses to be significant as we, among other things, develop and seek regulatory approval for our product candidates, including OCA for liver fibrosis due to NASH, maintain our regulatory approvals and commercialize our approved products. We believe our prospects and ability to significantly grow revenues will be dependent on our ability to successfully develop and commercialize OCA for indications other than PBC, such as NASH, and to identify strategic business development opportunities to leverage our capabilities in rare diseases. As a result, we expect a significant amount of resources to continue to be devoted to our development programs for OCA and to developing our pipeline.

Cash Flows

The following table sets forth the significant sources and uses of cash for the periods indicated:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	$ (20,124)	$ (54,650)
Investing activities	(14,220)	91,340
Financing activities	(318)	(1,083)
Effect of exchange rate changes	(274)	(882)
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (34,936)	$ 34,725

Operating Activities. Net cash used in operating activities of approximately $20.1 million during the three months ended March 31, 2022 was primarily a result of our $17.3 million net loss, a net decrease in operating assets and liabilities of $12.8 million, partially offset by $6.7 million in stock-based compensation, $1.3 million for non-cash operating lease costs and $0.4 million of depreciation. Cash flows for the three months ended March 31, 2022 include net cash receipts of $3.8 million reflecting payments from the HMRC for the U.K. R&D tax credit claims.

Net cash used in operating activities of approximately $54.7 million during the three months ended March 31, 2021 was primarily a result of our $40.4 million net loss and a net decrease in operating assets and liabilities of $34.0 million, partially offset by $8.4 million in stock-based compensation, $4.4 million for accretion of the discount on the 2023 Convertible Notes, $2.5 million for accretion of the discount on the 2026 Convertible Notes, $1.5 million for non-cash operating lease costs and $0.9 million of depreciation.

Investing Activities. For the three months ended March 31, 2022, net cash used in investing activities primarily reflects the purchase of investment debt securities of $142.8 million, partially offset by the sales and maturities of investment debt securities of $128.6 million.

For the three months ended March 31, 2021, net cash provided by investing activities primarily reflects the sales and maturities of investment debt securities of $142.3 million, partially offset by the purchase of investment debt securities of $50.5 million.

Financing Activities. Net cash used in financing activities in the three months ended March 31, 2022, consisted of $0.3 million from payments of employee withholding taxes related to stock-based awards.

Net cash used in financing activities in the three months ended March 31, 2021 consisted of $1.1 million from payments of employee withholding taxes related to stock-based awards.

Future Funding Requirements

We are currently developing OCA for additional indications, including NASH, and other product candidates through various stages of clinical and preclinical development. Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is expensive. In addition, we have incurred and anticipate that we will continue to incur significant research and development, product sales, marketing, manufacturing and distribution expenses relating to the commercialization of Ocaliva for PBC. As part of our longer-term strategy, we anticipate that we will incur significant expenses in connection with our research and development efforts, the commercialization of our other products such as OCA for liver fibrosis due to NASH, if approved, and the maintenance of our general and administrative infrastructure in the United States and abroad. We may also engage in business development activities that involve potential in- or out-licensing of products or technologies or acquisitions of other products, technologies or businesses.

As of March 31, 2022, we had $406.9 million in cash, cash equivalents, restricted cash and investment debt securities. We currently expect to continue to incur significant operating expenses in the fiscal year ending December 31, 2022. These expenses are planned to support, among other initiatives, the continued commercialization of Ocaliva for PBC, our continued clinical development of OCA for PBC and NASH and our other earlier stage research and development programs. Although we believe that our existing capital resources, together with our net sales of Ocaliva for PBC, will be sufficient to fund our anticipated operating requirements for the next twelve months following the filing of this report, we may need to raise additional capital to fund our operating requirements beyond that period, such as via the transaction with Advanz Pharma discussed above. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation. As of March 31, 2022, our funds are primarily held in U.S. treasuries, U.S. government agency bonds, corporate and municipal bonds, commercial paper and money market accounts.

We successfully exchanged the majority of our near-term debt to address the maturity of 2023 convertible notes. While we have retired approximately 75% of our 2023 Convertible Notes, we still have $113.7 million of them scheduled to mature on July 1, 2023, and $615.3 million of convertible notes scheduled to mature in 2026, all of which will need to be paid off or refinanced, if not converted. Furthermore, in light of our receipt of the CRL from the FDA in June 2020 with respect to our NDA for OCA for liver fibrosis due to NASH and the numerous risks and uncertainties associated with pharmaceutical product development and commercialization, any delays in, or unanticipated costs associated with, our development, regulatory or commercialization efforts could significantly increase the amount of capital required by us to fund our operating requirements. Accordingly, we may seek to access the public or private capital markets whenever conditions are favorable, to issue new securities, or to refinance or repurchase existing securities, even if we do not have an immediate need for additional capital at that time.

Our forecasts regarding the period of time that our existing capital resources will be sufficient to meet our operating requirements and the timing of our future funding requirements, both near and long-term, will depend on a variety of factors, many of which are outside of our control. Such factors include, but are not limited to, those factors listed above under “Cautionary Note Regarding Forward-Looking Statements”.

We have no committed external sources of funding and additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us, we may not be able to make scheduled debt payments on a timely basis, or at all, and may be required to delay, limit, reduce or cease our operations.

Contractual Obligations

Except as discussed above regarding Advanz Pharma, there have been no material changes to our contractual obligations outside the ordinary course of business from those disclosed under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Future Funding Requirements—Future Contractual Obligations” in our Annual Report on Form 10-K for the year ended December 31, 2021.

Off-Balance Sheet Arrangements

As of March 31, 2022, we did not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates and there have been no material changes to our market risk from that disclosed under the caption "Quantitative and Qualitative Disclosures about Market Risk" in our Annual Report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Based on the evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), required by Rule 13a-15(b) or 15d-15(b) of the Exchange Act, our Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

For a description of our significant legal proceedings, see Note 14 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q and incorporated by reference herein.

Item 1A. Risk Factors.

In addition to the other information set forth in this Form 10-Q, including under the heading "Cautionary Note Regarding Forward-Looking Statements", the risks and uncertainties that we believe are most important for you to consider are discussed in "Part II, Item 1A—Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC, which could adversely affect our business, financial condition, results of operations and future growth prospects. The risks described in our Annual Report on Form 10-K for the year ended December 31, 2021 are not the only risks we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. There are no material changes to the Risk Factors described in our Annual Report on Form 10-K for the year ended December 31, 2021. Please also refer to our Form 8-K filed May 5, 2022, under "Forward-Looking Statements" for factors that could affect the transaction with Advanz Pharma disclosed above.

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

Recent Sales of Unregistered Securities

Not applicable.

Issuer Purchases of Equity Securities

We did not purchase any of our registered equity securities during the three months ended March 31, 2022.

Item 6. Exhibits.

The exhibits filed or furnished as part of this Quarterly Report on Form 10-Q are set forth in the Exhibit Index below, which is incorporated herein by reference.

Exhibit Index

Exhibit Number	Description of Exhibit
10.1#	2022 Cash Incentive Plan (previously filed, and incorporated by reference from Exhibit 10.1 to Form 8-K filed on January 31, 2022, File No. 001-35668).
10.2#	2022 Cash Incentive Plan - Form of Performance-Based Award Agreement (previously filed, and incorporated by reference from Exhibit 10.2 to Form 8-K filed on January 31, 2022, File No. 001-35668).
10.3++	Agreement of Lease, dated February 7, 2022, between United States Fire Insurance Company as Landlord and the Registrant as Tenant (previously filed, and incorporated by reference from Exhibit 10.1 to Form 8-K filed on February 9, 2022, File No. 001-35668).
10.4#	Employment Agreement, effective April 21, 2022, between the Registrant and Rocco Venezia
31.1	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).
31.2	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).
32.1(1)	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
101	The following materials from the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2022, formatted in Inline XBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at March 31, 2022 (unaudited) and December 31, 2021 (audited), (ii) Condensed Consolidated Statements of Operations for the three-month periods ended March 31, 2022 and 2021 (unaudited), (iii) Condensed Consolidated Statements of Comprehensive Loss for the three-month periods ended March 31, 2022 and 2021 (unaudited), (iv) Condensed Consolidated Statements of Changes in Stockholders' Deficit for the three-month periods ended March 31, 2022 and 2021 (unaudited), (v) Condensed Consolidated Statements of Cash Flows for the three-month periods ended March 31, 2022 and 2021 (unaudited) and (vi) Notes to Condensed Consolidated Financial Statements (unaudited).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

# Indicates a management contract or compensatory plan or arrangement.

++ Portions of the exhibit have been omitted pursuant to Regulation S-K, Item 601(b)(10)(iv).

(1) The certifications attached hereto as Exhibit 32.1 are furnished to the SEC pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

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.

INTERCEPT PHARMACEUTICALS, INC.

Date: May 6, 2022

By: /s/ Jerome Durso
Jerome Durso
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 6, 2022

By: /s/ Andrew Saik
Andrew Saik
Chief Financial Officer
(Principal Financial Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), made effective as of April 21, 2022, is entered into by Intercept Pharmaceuticals, Inc. (the "Company") and Rocco Venezia ("Executive").

WHEREAS, the Company desires to employ Executive, and Executive desires to be employed by the Company.

NOW THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties to this Agreement, the parties agree as follows:

1. Term of Employment. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, upon the terms set forth in this Agreement, for the period commencing from the date set forth above (the "Commencement Date") and ending on the one year anniversary thereof, unless sooner terminated in accordance with the provisions of Section 4 (such period, the "Initial Term"); provided, however, that on each anniversary of the Commencement Date, the term of employment under this Agreement shall be automatically extended for an additional one-year period (each such period, a "Subsequent Term") unless terminated sooner pursuant to Section 4 or if, at least thirty (30) days prior to the applicable anniversary date, either Executive or the Company provides written notice to the other party electing not to extend. The Initial Term together with each Subsequent Term, if any, are referred to hereinafter as the "Agreement Term."

2. Title; Capacity. During the Agreement Term, the Company will employ Executive as its Senior Vice President and Chief Accounting Officer to perform the duties and responsibilities inherent in such position and such other duties and responsibilities consistent with such position as the Chief Executive Officer ("CEO") or the Chief Financial Officer ("CFO") shall from time to time reasonably assign. On an annual basis, the Company's Board of Directors (the "Board") in consultation with Executive, the CEO, and the CFO, will set reasonably attainable, specific goals pursuant to the objectives of the Company as in effect from time to time. Executive shall report to the CFO and shall be subject to the supervision of, and shall have such authority as is delegated to Executive by, the CFO, which authority shall be sufficient to perform Executive's duties hereunder. Executive will be based at the Company's headquarters in Morristown, New Jersey. Subject to Section 4.3 below, the location of Executive's employment is subject to change during the course of the Agreement Term as determined by the CEO and the CFO in consultation with the Executive. Executive hereby accepts such employment and agrees to undertake the duties and responsibilities inherent in such position and such other duties as may be reasonably assigned to Executive. Executive shall devote substantially all of Executive's business time, energies and attention in the performance of the foregoing services. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) performing services for such other companies as the Company may designate or permit, (ii) serving, with the prior written consent of the Board, which consent shall not be unreasonably withheld, as an officer or member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses, (iii) serving as an officer or a member of charitable, educational or civic organizations, (iv) engaging in charitable activities and community affairs, and (v) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i) – (v) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

3. Compensation and Benefits.

3.1 Salary. The Company shall pay Executive an annualized base salary of $381,500, payable in accordance with the Company's regular payroll practices. Such base salary shall be subject to annual review and increase (but not decrease) as may be determined and approved by the Board or the Compensation Committee in its sole discretion.

3.2 Bonuses.

(a) Annual Bonus. At the end of a given fiscal year, Executive will be eligible to receive a bonus based on a target equal to 50% of Executive's base salary in effect at the end of such fiscal year. The amount of any such bonus shall be based on factors including, but not limited to, Executive's achievement, as determined by the

Board or the Compensation Committee in its sole discretion, of reasonable goals and milestones established in advance by the Board or the Compensation Committee in consultation with the CEO, the CFO, and Executive. The period for calculation of the bonus shall be consistent with the Company's fiscal year. Such bonus, if any, will be paid to Executive on or after January 1 and in any case no later than March 15 of the immediately succeeding fiscal year. The bonus shall be paid in cash; provided that, if requested by Executive and approved by the Board, some or all of the bonus may be paid in equity under the Company's stockholder approved stock plan then in effect (valued at the fair market value thereof), or any combination of the foregoing. To the extent that the Company is required pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to develop and implement a policy providing for the recovery from the Executive of any payment of incentive-based compensation paid to the Executive that was based upon erroneous data contained in an accounting statement or otherwise adopts such a policy (the "Policy"), this Agreement shall be deemed amended and the Policy incorporated herein by reference as of the date that the Company takes all necessary corporate action to adopt the Policy, without requiring any further action of the Company or the Executive, provided that any such Policy shall only be binding on the Executive if the same Policy applies to the Company's other executive officers.

3.3 Equity Awards.

(a) At the sole discretion of the Board or the Compensation Committee, stock options or other equity-based awards may be granted to Executive from time to time.

3.4 Fringe Benefits. Executive shall be entitled to participate in all bonus and benefit programs that the Company establishes and makes available to its U.S.-based executives and/or employees from time to time, including, but not limited to, health care plans, dental care plans, vision care plans, supplemental retirement plans, life insurance plans, disability insurance plans and incentive compensation plans, to the extent that Executive is eligible under, and subject to the terms and conditions of, the applicable plan documents governing such programs. The Company shall pay 100% of the premium cost for health insurance coverage for Executive and Executive's spouse and children, provided that Executive's spouse and dependents are not covered by an equivalent health insurance plan provided by Executive's spouse's employer. Executive shall be eligible to accrue up to four (4) weeks of paid vacation each calendar year (to be taken at such times and in such number of days as Executive shall determine in consultation with the CFO and in a manner so as not to impair or otherwise interfere with Executive's ability to perform Executive's duties and responsibilities hereunder). The vacation days for which Executive is eligible shall accrue at the rate of 1.67 days per month that Executive is employed during such calendar year. Vacation accrual will be capped at 1.75 times Executive's annual vacation accrual. When Executive's accrued vacation reaches the cap, Executive will not accrue additional vacation time until some of the previously accrued vacation is used and the accrued amount falls below the cap, unless the Company is acquired by another business venture, in which case none of the previous year's accrued vacation will be subject to a cap. Executive shall also be eligible for paid holidays and paid sick days annually, in accordance with the Company's policies for its senior executives as in effect from time to time. At the end of each calendar year, all unused sick days shall be forfeited.

3.5 Reimbursement of Expenses. The Company shall reimburse Executive for reasonable travel, entertainment and other expenses incurred or paid in connection with, or related to the performance of Executive's duties, responsibilities or services under this Agreement, upon presentation by Executive of documentation, expense statements, vouchers and/or such other supporting information as the Company may request. Executive must submit proper documentation for each such expense within sixty (60) days after the later of (i) Executive's incurrence of such expense or (ii) Executive's receipt of the invoice for such expense. The Company will reimburse Executive for that expense within thirty (30) days after receipt of the documentation.

3.6 Withholdings. Payments made under this Section 3 shall be subject to applicable federal, state and local taxes and withholdings.

4. Termination of Employment Period. The Agreement Term shall terminate upon the occurrence of any of the following:

4.1 Expiration of the Agreement Term. This Agreement shall expire at the end of the Agreement Term; provided, that notice is given in accordance with Section 1 of this Agreement.

4.2 Termination by the Company for Cause. At the election of the Company, the Executive may be terminated by the Company for Cause (as defined below), immediately following written notice by the Company to Executive, which notice shall identify in reasonable detail the Cause upon which termination is based, except that for reason 4.2(a)(iv) below, termination may not occur prior to the expiration of the thirty (30) day period to cure. For the purposes of this Agreement, "Cause" for termination shall be deemed to exist upon:

(a) a good faith finding by the Company that (i) Executive has engaged in material dishonesty, willful misconduct or gross negligence in connection with the performance of Executive's duties; (ii) Executive has committed any act of fraud or embezzlement with respect to the Company or any of its affiliates; (iii) Executive has breached or has threatened to breach Executive's Invention, Non-Disclosure, Non-Competition and Non-Solicitation Agreement (the "NDA"); or (iv) Executive has materially breached this Agreement, and Executive has failed to cure such conduct or breach within thirty (30) days after Executive's receipt of written notice from the Company of such breach; or

(b) Executive's conviction, guilty plea, or entry of nolo contendere to any crime involving moral turpitude, fraud or embezzlement, or any felony.

4.3 Termination By Executive with Good Reason. Executive may terminate the Agreement Term with Good Reason. For purposes of this Agreement, "Good Reason" means the occurrence, without Executive's written consent, of any of the events or circumstances set forth in clauses (a) through (c) below. In addition, notwithstanding the occurrence of any of the events enumerated in clauses (a) through (c), such occurrence shall not be deemed to constitute Good Reason if, within thirty (30) days after the Company's receipt of written notice from Executive of the occurrence or existence of an event or circumstance enumerated in clauses (a) through (c), such event or circumstance has been remedied by the Company. Executive shall not be deemed to have terminated Executive's employment with Good Reason unless Executive first delivers a written notice of termination to the Company identifying in reasonable detail the acts or omissions constituting Good Reason within ninety (90) days after their occurrence and the provision of this Agreement relied upon, such acts or omissions are not cured by the Company within thirty (30) days of the receipt of such notice, and Executive actually ends Executive's employment within one-hundred and twenty (120) days after the Company's failure to cure.

(a) the assignment to Executive of duties inconsistent in any material respect with Executive's position as Senior Vice President and Chief Accounting Officer (including status, offices, titles, authority, or responsibilities) or any other action or omission by the Company which results in a material diminution in Executive's position, status, offices, titles, authority, responsibilities, or reporting requirements;

(b) a change by the Company in the location at which Executive performs Executive's principal duties for the Company to a different location that is outside a radius of fifty (50) miles from (i) Executive's principal residence immediately prior to the date on which such change occurs and (ii) the location at which Executive performed Executive's principal duties for the Company immediately prior to the date on which such change occurs; or

(c) any material breach by the Company of this Agreement or any other material agreement between the Company and Executive.

4.4 Death or Disability. This Agreement shall terminate upon Executive's death or disability. As used in this Agreement, the determination of "disability" shall occur when Executive, due to a physical or mental disability, for a period of 60 consecutive days, or 120 days in the aggregate whether or not consecutive, during any 360-day period, is unable to perform the services contemplated under this Agreement. A determination of disability shall be made by a physician satisfactory to both Executive and the Company; provided, that, if Executive and the Company do not agree on a physician, Executive and the Company shall each select a physician and these two together shall select a third physician, whose determination as to disability shall be binding on all parties.

4.5 Termination by Executive Without Good Reason or Termination by the Company Without Cause. At the election of Executive without Good Reason or by the Company without Cause, upon not less than thirty (30) days' prior written notice to the other party.

5. Effect of Termination.

5.1 Payments Upon Termination for Any Reason. In the event Executive's employment terminates pursuant to Section 4, the Company shall pay to Executive (or Executive's estate or legal representative, if applicable), on the date of Executive's termination of employment with the Company (or as soon thereafter as is practicable, consistent with applicable law and the terms of any deferred compensation plan or agreement), the compensation and benefits under Sections 3.1, 3.4 and 3.5 that are accrued and unpaid through such termination date (including, without limitation, an amount equal to all accrued but unused vacation pay and unreimbursed expenses). In the event of termination of Executive's employment by Executive by reason of non-renewal of the Agreement Term pursuant to Sections 1 and 4.1, the Company for Cause pursuant to Section 4.2, by reason of Executive's death or disability pursuant to Section 4.4, or by Executive without Good Reason pursuant to Section 4.5, Executive shall not receive any compensation or benefits other than as expressly stated in this Section 5.1 and as otherwise required by law.

5.2 Termination by the Company Without Cause, by the Company by Reason of Non-Renewal of Agreement Term, or by Executive for Good Reason. Subject to Section 5.3 below, in addition to the payments and provisions under Section 5.1, in the event of termination of Executive's employment by the Company by reason of non-renewal of the Agreement Term pursuant to Sections 1 and 4.1, by Executive for Good Reason pursuant to Section 4.3, or by the Company without Cause pursuant to Section 4.5, provided that Executive executes a release of claims substantially in the form attached hereto as Exhibit A (the "Release"), which Release must be effective and irrevocable prior to the sixtieth (60th) day following the termination of the Executive's employment (the "Review Period"), the Company shall provide Executive with the following:

(a) twelve (12) months of Executive's base salary in effect at the time of termination of employment, payable according to the Company's payroll commencing on the first payroll date following the date the Release is effective and irrevocable (the "Payment Date"), subject to compliance with Sections 5.5 and 12.6; and

(b) the Company will, for a period of twelve (12) months following Executive's termination from employment, continue Executive's participation in the Company's group health plan and dental plan and shall pay that portion of the premiums that the Company paid on behalf of Executive and Executive's dependents during Executive's employment, provided, however, that if the Company's health insurance plan and/or dental plan does not permit such continued participation in such plan after Executive's termination of employment, then the Company shall pay that portion of the premiums associated with COBRA continuation coverage that the Company paid on behalf of Executive and Executive's dependents during Executive's employment, including any administrative fee, on Executive's behalf for such twelve-month period; and provided, further, that if Executive becomes employed with another employer during the period in which continued health insurance and/or dental insurance is being provided pursuant to this Section, the Company shall not be required to continue such health and dental benefits, or if applicable, to pay the costs of COBRA, if Executive becomes covered under a health insurance plan of the new employer. (For purposes of this Section 5.2(b), the term "Executive" shall include, to the extent applicable, Executive's spouse and any of Executive's dependents covered under the Company's group health plan and/or dental plan prior to Executive's termination of employment.)

5.3 Termination in the Event of a Change in Control.

(a) In addition to the payments and provisions under Section 5.1 but in lieu of, and not in addition to, the payments required pursuant to Section 5.2 above, in the event Executive's employment with the Company is terminated by the Company by reason of non-renewal of the Agreement Term pursuant to Sections 1 and 4.1, by Executive for Good Reason pursuant to Section 4.3, or by the Company without Cause pursuant to Section 4.5, in any such case within twelve (12) months following a Change in Control (as defined below) provided that such Change in Control also qualifies as a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i) (where required to avoid the imposition of penalty taxes under Section 409A) and provided that Executive (or Executive's legal representative, if applicable) executes a Release and the Release becomes effective and irrevocable prior to the end of the Review Period, Executive shall be entitled to the following:

(i) a lump sum cash amount equal to twelve (12) months of Executive's base salary in effect at the time of Executive's termination, such payment to be made on the Payment Date, subject to compliance with Sections 5.5 and 12.6;

(ii) for up to twelve (12) months after Executive's date of termination, the Company shall continue Executive's participation in the Company's group health and dental plan and shall pay that portion of the premiums that the Company paid on behalf of Executive and Executive's dependents during Executive's employment; provided, however, that if the Company's health insurance plan and/or dental insurance plan does not permit Executive's continued participation in such plan after Executive's termination of employment, then the Company shall pay that portion of the premiums associated with COBRA continuation coverage that the Company paid on behalf of Executive and Executive's dependents during Executive's employment, including administrative fees, on Executive's behalf for so long as COBRA continuation coverage is available, up to twelve (12) months; and provided, further, that if Executive becomes employed with another employer during the period in which continued health insurance and/or dental insurance is being provided pursuant to this Section, the Company shall not be required to continue the relevant benefits, or if applicable, to pay the relevant costs of COBRA, if Executive becomes covered under a health insurance plan and/or dental plan of the new employer. (For purposes of this Section 5.3(a)(ii), the term "Executive" shall include, to the extent applicable, Executive's spouse and any of Executive's dependents covered under the Company's group health plan and/or dental plan prior to Executive's termination of employment.)

(b) As used herein, "Change in Control" shall occur or be deemed to occur if any of the following events occur:

(i) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Company; or

(ii) any consolidation or merger of the Company (including, without limitation, a triangular merger) where the shareholders of the Company immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own, directly or indirectly, shares representing in the aggregate more than fifty percent (50%) of the combined voting power of all the outstanding securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any); or

(iii) a third person, including a "person" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (but other than (x) the Company, (y) any employee benefit plan of the Company, or (z) investors purchasing equity securities of the Company pursuant to a financing or a series of financings approved by the Board of Directors of the Company) becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly, of Controlling Securities (as defined below). "Controlling Securities" shall mean securities representing 25% or more of the total number of votes that may be cast for the election of the directors of the Company.

5.4 Effect of Termination on Stock Options and Other Equity Compensation.

(a) In the event of Executive's termination by Executive by reason of non-renewal of the Agreement Term pursuant to Sections 1 and 4.1, by the Company for Cause pursuant to Section 4.2, or by Executive without Good Reason pursuant to Section 4.5, all unvested stock options and other equity-based awards granted to Executive before and after the date of this Agreement shall be immediately forfeited upon the effective date of such termination of employment or as otherwise provided in the award agreement; provided, that, Executive shall have until the earlier of the expiration date of the option or ninety (90) days from the date of termination of Executive to exercise all vested options unless the stock plan pursuant to which the option is granted requires earlier termination in connection with a liquidation or sale of the Company.

(b) In the event of Executive's termination by the Company by reason of non-renewal of the Agreement Term pursuant to Sections 1 and 4.1, by Executive for Good Reason pursuant to Section 4.3, or by the Company without Cause pursuant to Section 4.5, and provided that Executive (or Executive's legal representative, if applicable) executes a Release and the Release becomes effective and irrevocable prior to the end of the Review Period, that number of Executive's unvested stock options and other service-based equity-based awards that would otherwise have vested from the effective date of Executive's termination to the first anniversary of such date shall vest as of the date the Release is effective and irrevocable and Executive (or Executive's estate or legal representative, if applicable) shall have until the earlier of the expiration date of the option or one (1) year from the date of termination of Executive's employment to exercise all vested options unless the stock plan pursuant to which the option is granted requires earlier termination in connection with a liquidation or sale of the Company. Any equity or equity-based awards which vest

based upon the attainment of performance measures shall be governed by the terms of the applicable award agreement governing termination.

(c) In the event Executive's employment with the Company is terminated by the Company by reason of non-renewal of the Agreement Term pursuant to Sections 1 and 4.1, by Executive for Good Reason pursuant to Section 4.3, or by the Company without Cause pursuant to Section 4.5, in any such case within twelve (12) months following a Change in Control, in lieu of the acceleration provided for pursuant to Section 5.4(b) above, provided that Executive (or Executive's legal representative, if applicable) executes a Release and the Release becomes effective and irrevocable prior to the end of the Review Period, to the extent vesting and acceleration will not result in a violation of Section 409A, all of Executive's unvested stock options and other service-based equity-based awards then in effect shall vest as of the date the Release is effective and irrevocable and Executive (or Executive's estate or legal representative, if applicable) shall have until the earlier of the expiration date of the option or one (1) year from the date of termination of Executive's employment to exercise all vested options unless the stock plan pursuant to which the option is granted requires earlier termination in connection with a liquidation or sale of the Company. Any equity or equity-based awards which vest based upon the attainment of performance measures shall be governed by the terms of the applicable award agreement governing termination following a Change in Control.

(d) In the event Executive's employment with the Company is terminated by reason of disability or death pursuant to Section 4.4, all unvested stock and stock options granted to Executive before and after the date of this Agreement shall be immediately forfeited upon the effective date of such termination of employment or as otherwise provided in the option agreement; provided, that, Executive (or Executive's estate or legal representative, if applicable) shall have until the earlier of the expiration date of the option or one (1) year from the date of termination of Executive's employment to exercise all vested options unless the stock plan pursuant to which the option is granted requires earlier termination in connection with a liquidation or sale of the Company.

5.5 Review Period. In the event that the Review Period begins in one taxable year of the Executive and ends in a later taxable year, any payments contingent upon Executive's execution without revocation of the Release prior to the end of the Review Period will commence to be paid (or as applicable, made in full) on the first payroll date in the later taxable year. In no event will any payments be made or commence to be paid later than the ninetieth (90th) day following the Executive's date of termination, subject to compliance with Section 12.6 herein.

5.6 Limitation on Benefits. The Company will make the payments under this Agreement without regard to whether the deductibility of such payments (or any other payments or benefits) would be limited or precluded by Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and without regard to whether such payments would subject Executive to the federal excise tax levied on certain "excess parachute payments" under Section 4999 of the Code (the "Excise Tax"); provided, however, that if the Total After-Tax Payments (as defined below) would be increased by the reduction or elimination of any payment and/or other benefit (including the vesting of the equity awards) under this Agreement, then the amounts payable under this Agreement will be reduced or eliminated as follows, if possible: (i) first, by reducing or eliminating any cash payments or other benefits (other than the vesting of the equity awards) and (ii) second, by reducing or eliminating the vesting of those equity awards that occur as a result of such Change in Control (as provided above), to the extent necessary to maximize the Total After-Tax Payments. The Company's independent, certified public accounting firm (the "Accounting Firm") will determine whether and to what extent payments or vesting under this agreement are required to be reduced in accordance with the preceding sentence. For purposes of this Agreement, "Total After-Tax Payments" means the total of all "parachute payments" (as that term is defined in Section 280G(b)(2) of the Code) made to or for the benefit of Executive (whether made under the Agreement or otherwise) by the Company or any of its affiliates, after reduction for all applicable federal, state and local income taxes, employment, social security and Medicare taxes, the imposition of the Excise Tax and all other taxes, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied (or is likely to apply) to the Executive's taxable income for the tax year in which the transaction which causes the application of Section 280G of the Code occurs, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Executive in the relevant tax year(s) in which any of the parachute payments are expected to be made. The Company agrees to pay for all costs associated with the Accounting Firm and the determination of the payments or vesting required to be reduced and for the avoidance of doubt, shall not be required to pay any taxes, penalties, interest or other expenses to which Executive may be subject. If it is ultimately determined (by IRS private letter ruling or closing agreement, court decision or otherwise) that Executive's parachute payments were reduced by too much or by too little in order to

accomplish the purpose of this Section 5.6, the Executive and the Company shall promptly cooperate to correct such underpayment or overpayment in a manner consistent with the purpose of this Section 5.6.

5.7 Withholdings. Payments made under this Section 5 shall be subject to applicable federal, state and local taxes and withholdings. If the payment of any COBRA or health insurance premiums would otherwise violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Patient Protection and Affordable Care Act of 2010, together with the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act") or Section 105(h) of the Code, the Company paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code.

6. Notices. All notices, requests, consents and other communications hereunder will be in writing, will be addressed, if to the Company, at its principal corporate offices to the attention of the Legal Department, and if to Executive, at Executive's address set forth on the signature page hereto or in the personnel records of the Company (as applicable), or in either case, such other address as a party may designate by notice hereunder, and will be either (i) delivered by hand, (ii) sent by overnight courier, or (iii) sent by registered or certified mail, return receipt requested, postage prepaid. All notices, requests, consents and other communications hereunder will be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iii) if sent by registered or certified mail, on the fifth business day following the day such mailing is made.

7. Absence of Restrictions. Executive represents and warrants that Executive is not bound by any employment contracts, restrictive covenants or other restrictions that prevent Executive's from entering into employment with, or carrying out Executive's responsibilities for, the Company, or which are in any way inconsistent with any of the terms of this Agreement. Executive further represents that, except as Executive has previously disclosed or described to the Company, Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of Executive's employment with the Company, to refrain from competing, directly or indirectly, with the business of such previous employer or any other party, or to refrain from soliciting employees, customers or suppliers of such previous employer or other party. Executive further represents that Executive will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

8. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral relating to the subject matter of this Agreement, with the exception of the NDA. Notwithstanding the foregoing, the parties to this Agreement acknowledge that stock options and other equity awards may be granted by the Company to Executive under and pursuant to the 2012 Equity Incentive Plan (as amended from time to time, the "2012 Plan") and any amendments thereto, as well as any additional plans, and the award agreements related to such plans.

9. Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and Executive.

10. Governing Law; Consent to Jurisdiction. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of New York without regard to conflict of law principles. Any action, suit or other legal proceeding arising under or relating to any provision of this Agreement shall be commenced only in a court of the County of New York, State of New York (or, if appropriate, a federal court located within the County of New York, State of New York), and the Company and Executive each consents to the jurisdiction of such a court. THE COMPANY AND EXECUTIVE EACH HEREBY IRREVOCABLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER LEGAL PROCEEDING ARISING UNDER OR RELATING TO ANY PROVISION OF THIS AGREEMENT.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation or other entity with which, or into which, the Company may be merged or which may succeed to the Company's assets or business, provided, however, that the obligations of Executive are personal and shall not be assigned by Executive. Any purported assignment of this Agreement by

Executive shall be null and void. Notwithstanding the foregoing, if Executive dies the compensation and benefits stated in this Agreement will be paid to Executive's beneficiary or Executive's estate if no beneficiary.

12. Miscellaneous.

12.1 No Waiver. No delay or omission by the Company in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

12.2 Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

12.3 Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

12.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be delivered by facsimile, and facsimile signatures shall be treated as original signatures for all applicable purposes.

12.5 Blue Penciling. To the extent that any provision herein or in any plan of nonqualified deferred compensation that this document is a part of contravenes the requirements of Code Section 409A (or the regulations thereunder), such provision shall be appropriately modified in accordance with available IRS guidance (including without limitation IRS Notice 2010-6 and related guidance) so that Executive is not subject to the adverse effects of Code Section 409A but will nevertheless retain, to the extent possible, the economic benefit of the provision.

12.6 Section 409A; Withholding.

12.6.1 The payments under this Agreement are intended either to be exempt from Section 409A of the Code under the short-term deferral, separation pay, or other applicable exception, or to otherwise comply with Section 409A. The parties agree that this Agreement shall be administered in a manner consistent with such intent. For purposes of Section 409A, all payments under this Agreement shall be considered separate payments. If any amount or benefit payable to the Executive under this Agreement upon a "termination of employment" is determined by the Company to constitute a "deferral of compensation" for purposes of Section 409A (after taking into account any applicable exceptions), such amount or benefit shall not be paid or provided until the Executive has also experienced a "separation from service" from the Company within the meaning of Section 409A. Notwithstanding any provision to the contrary, to the extent Executive is considered a specified employee under Section 409A and would be entitled during the six-month period beginning on Executive's separation from service to a payment that is not otherwise excluded under Section 409A, such payment will not be made until the earlier of the six-month anniversary of Executive's separation from service or death; provided that the first payment made after the delay shall include all amounts that would have been paid earlier but for such six (6) month delay. At the request of the Executive, the Company shall set aside those payments that would otherwise be made in such six-month period in a trust that is in compliance with Rev. Proc. 92-64.

12.6.2 If an expense reimbursement or provision of in-kind benefit provided to the Executive under this Agreement is not exempt from Section 409A of the Code, the following rules apply: (i) in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred; (ii) the amount of reimbursable expenses incurred or provision of in-kind benefits in one tax year shall not affect the expenses eligible for reimbursement or the provision of in-kind benefits in any other tax year; and (iii) the right to reimbursement for expenses or provision of in-kind benefits is not subject to liquidation or exchange for any other benefit.

12.6.3 The parties agree to negotiate in good-faith the amendment of this Agreement, as necessary, to avoid any violations of Section 409A in a manner that preserves the original intent of the parties to the

extent reasonably possible. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Executive on account of non-compliance with Section 409A.

12.6.4 All compensatory payments under this Agreement are subject to any required tax or other withholdings.

12.7 Interpretation. References to decisions by the Company will be made by the Board or the applicable Board committee.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set first forth above.

THE COMPANY:

INTERCEPT PHARMACEUTICALS, INC.

By: /s/ David Ford
Name: David Ford
Title: Chief Human Resources Officer

EXECUTIVE:

By: /s/ Rocco Venezia
Name: Rocco Venezia

Address for Notice Purposes:

[Last address in books and records of the Company]

Exhibit A

RELEASE OF CLAIMS[1]

FOR AND IN CONSIDERATION OF the payments and benefits (the "**Separation Benefits**") to be provided to me in connection with the separation of my employment, in accordance with the Employment Agreement between Intercept Pharmaceuticals, Inc. (the "**Company**") and me dated March [DATE], 2022 (the "**Agreement**"), which Separation Benefits are conditioned on my signing this Release of Claims ("**Release**") and which I will forfeit unless I execute and do not revoke this Release of Claims, I, on my own behalf and on behalf of my heirs and estate, voluntarily, knowingly and willingly release and forever discharge the Company, its subsidiaries, affiliates, parents, and, in their capacities as such, stockholders, together with each of those entities' respective officers, directors, stockholders, employees, agents, fiduciaries and administrators, each in their capacities as such (collectively, the "**Releasees**") from any and all claims and rights of any nature whatsoever which I now have or in the future may have against them up to the date I execute this Release, whether known or unknown, suspected or unsuspected. This Release includes, but is not limited to, any rights or claims relating in any way to my employment relationship with the Company or any of the other Releasees or the termination thereof, any contract claims (express or implied, written or oral), including, but not limited to, the Agreement, or any rights or claims under any statute, including, without limitation, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Older Workers' Benefit Protection Act, the Rehabilitation Act of 1973 (including Section 504 thereof), Title VII of the 1964 Civil Rights Act, the Civil Rights Act of 1866 (42 U.S.C. § 1981), the Civil Rights Act of 1991, the Equal Pay Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Family Medical Leave Act, the Lilly Ledbetter Fair Pay Act, the Genetic Information Non-Discrimination Act, the New York State Human Rights Law, the New York City Human Rights Law, and the Employee Retirement Income Security Act of 1974, all as amended, and any other federal, state or local law. This Release specifically includes, but is not limited to, any claims based upon the right to the payment of wages, incentive and performance compensation, bonuses, equity grants, vacation, pension benefits, 401(k) Plan benefits, stock benefits or any other employee benefits, or any other rights arising under federal, state or local laws prohibiting discrimination and/or harassment on the basis of race, color, age, religion, sexual orientation, religious creed, sex, national origin, ancestry, alienage, citizenship, nationality, mental or physical disability, denial of family and medical care leave, medical condition (including cancer and genetic characteristics), marital status, military status, gender identity, harassment or any other basis prohibited by law.

As a condition of the Company entering into this Release, I further represent that I have not filed against the Company or any of the other Releasees, any complaints, claims or lawsuits with any arbitral tribunal, administrative agency, or court prior to the date hereof, and that I have not transferred to any other person any such complaints, claims or lawsuits. I understand that by signing this Release, I waive my right to any monetary recovery in connection with a local, state or federal governmental agency proceeding and I waive my right to file a claim seeking monetary damages in any arbitral tribunal, administrative agency, or court. This Release does not: (i) prohibit or restrict me from communicating, providing relevant information to or otherwise cooperating with the U.S. Equal Employment Opportunity Commission, the New York State Division of Human Rights, a local commission on human rights or any other governmental authority with responsibility for the administration of fair employment practices laws (including with respect to SEC Whistleblowing) or my own attorney regarding a possible violation of such laws or responding to any inquiry from such authority, including an inquiry about the existence of this Release or its underlying facts, or (ii) require me to notify the Company of such communications or inquiry. Furthermore, notwithstanding the foregoing, this Release does not include and will not preclude: (a) rights or claims to vested benefits under any applicable retirement and/or pension plans; (b) rights under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"); (c) claims for unemployment compensation; (d) rights to defense and indemnification or under the Company's directors' and officers' liability insurance, if any, from the Company for actions or inactions taken by me in the course and scope of my employment with the Company and its parents, subsidiaries and/or affiliates; (e) any rights I may have to obtain contribution as permitted by law in the event of entry of judgment against the Company as a result of any act or failure

[1] The Executive agrees that the Company may revise this release to satisfy the purpose of providing as full a release of claims (subject to payment of any benefits provided on the applicable termination of employment) as may be legally permissible. The Company may revise it to reflect changes in law for releases and may add language for ADEA compliance.

to act for which I and the Company are held jointly liable; (f) any rights to vested equity that vested prior to or because of the termination of my employment and rights as a stockholder; and/or (g) any actions to enforce the Agreement.

I acknowledge that, in signing this Release, I have not relied on any promises or representations, express or implied, other than those that are set forth expressly herein or in the Agreement and that are intended to survive separation from employment, in accordance with the terms of the Agreement.

Nondisclosure; Continuing Obligations - I understand and agree that, to the extent permitted by law, the terms and contents of this Release (as modified before signature) and the contents of the negotiations and discussions resulting in this Release shall be maintained as confidential by me and must not be disclosed to anyone other than a member of my immediate family, my attorney, accountant or other advisor (and, even as to such a person, only if the person agrees to honor this confidentiality requirement) except to the extent required by federal or state law or as otherwise agreed to in writing by the Company. I acknowledge and reaffirm my obligation to keep confidential and not disclose any and all non-public information concerning the Company that I acquired during the course of my employment or other relationship with the Company, including any non-public information concerning the Company's business affairs, business prospects and financial condition, as is stated more fully in the NDA (as defined in the Agreement), and that I will comply with the NDA in all other respects.

I understand and agree that the contents of the negotiations and discussions resulting in this Release shall be maintained as confidential and shall not be disclosed to any third parties, except to the extent required or permitted by applicable law or as otherwise agreed to in writing with the Company.

Pursuant to 18 U.S.C. § 1833(b), I understand that I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret of the Company that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to my attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the trade secret to my attorney and use the trade secret information in the court proceeding, if I (a) file any document containing the trade secret under seal, and (b) do not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

Mutual Non-Disparagement – I understand and agree that I shall not make any false, disparaging or derogatory statements to any person or entity, including any media outlet, industry group or financial institution, regarding the Company, or any of the other Releasees or about the Company's business affairs and financial condition. The Company confirms that it has instructed the members of its Board of Directors and its current executive officers to not make any false, disparaging or derogatory statements to any person or entity, including any media outlet, industry group or financial institution, regarding me, my employment with the Company, or my departure from the Company. Notwithstanding the foregoing, nothing herein prevents either the Releasees or me from making truthful disclosures to any governmental entity or to enforce the Agreement or this Release. For the avoidance of doubt, nothing in this Release prohibits me from communicating with a government agency, regulator or legal authority concerning any possible violations of federal or state law or regulation. Nothing in this Release, however, authorizes the disclosure of information I obtained through a communication that was subject to the attorney-client privilege, unless disclosure of the information would otherwise be permitted by an applicable law or rule.

Return of Company Property - I confirm that I have returned to the Company in good working order all Company-owned keys, files, records (and copies thereof), equipment (including computer hardware, software and printers, wireless handheld devices, cellular phones, tablets, smartphones, etc.), Company identification, the Company proprietary and confidential information, and any other Company-owned property in my possession or control and I have left intact with, or delivered intact to, the Company all electronic Company documents and internal and external websites, including those that I developed or helped to develop during my employment, and that I have thereafter deleted, and destroyed any hard copies of, all electronic files relating to the Company that are in my possession or control, including any that are located on any of my personal computers or external or cloud storage. I further confirm that I have

cancelled all accounts for my benefit, if any, in the Company's name including, but not limited to, credit cards, telephone charge cards, cellular phone and/or wireless data accounts and computer accounts. Notwithstanding the foregoing, I understand that I shall be permitted to retain my contacts and calendars and personal correspondence and any documents or data related to my compensation or reasonably needed for tax preparation purposes.

Final Compensation – I acknowledge that I have received payment in full for all services rendered in conjunction with my employment by the Company, including payment for all wages, bonuses, and equity for any period before the date of this Release (other than any current salary and benefits due in the ordinary course in a final paycheck or thereafter), and that no other compensation is owed to me, except as provided in the applicable provisions of Section 5 of the Agreement; *provided* that nothing herein shall affect any claims of entitlement I may have to vested benefits under any 401(k) plan or other ERISA-covered benefit plan (excluding severance) provided by the Company.

Cooperation – I agree to cooperate with, provide assistance to, and make myself reasonably available to the Company and its legal counsel in connection with any litigation (including arbitration or administrative hearings) or investigation or examination relating to the Company or any of its current or former employees, in which, in the reasonable judgment of the Company or its counsel, my assistance or cooperation is needed due to my personal involvement in or knowledge about the circumstances to which the litigation or investigation relates. I will, when the Company or its counsel requests, provide testimony, be available for interviews or other assistance and travel at the Company's reasonable request in order to fulfill this obligation. In connection with such litigation or investigation, the Company will use its best efforts to accommodate my schedule, will provide me with as much notice as possible in advance of the times during which my cooperation or assistance is needed, and will reimburse me for any reasonable travel and lodging expenses incurred in connection with such matters (at a level of travel consistent with my travel while employed by the Company) and the reasonable fees of any independent counsel retained by me if I reasonably believe separate counsel to be appropriate. I agree not to assist or provide information to any adverse party in any litigation against the Company or any of its current or former employees, except as required under law or formal legal process, unless I provide advance notice to the Company at least 10 days before such assistance or provision of information (or, if I am so required to assist or provide such information within less than 10 days of receipt of such requirement, after I provide timely advance notice to the Company) to allow the Company to take legal action with respect to the matter. Finally, I will undertake to satisfy requests for information from the Company with respect to the above undertaking. *Nothing in this Release is intended to restrict or preclude me from, or otherwise influence me in, testifying fully and truthfully in legal, administrative, or any other proceedings involving the Company, as required by law or formal legal process.*

Tax Provision – I acknowledge that I am not relying upon advice or representation of the Company with respect to the tax treatment of any of the payments or benefits provided by the Company. The benefits provided to me are intended to be exempt from or compliant with Section 409A of the Internal Revenue Code of 1986. *The Company makes no representation or warranty and shall have no liability to me or to any other person if any of the provisions of the Agreement or this Release are determined to constitute deferred compensation subject to Section 409A but not to satisfy an exemption for, or the conditions of, that section.* All payments stated will be reduced by all applicable taxes and withholdings.

Nature of Agreement – I understand and agree that this Release is a severance agreement and does not constitute an admission of liability or wrongdoing on the part of the Company.

Voluntary Assent – I affirm that no other promises or agreements of any kind have been made to or with me by any person or entity whatsoever to cause me to sign this Release, other than as reflected in the Agreement and that I fully understand the meaning and intent of the Release. I acknowledge that, in signing this Release, I have not relied on any promises or representations, express or implied, other than those that are set forth expressly herein or in the Agreement and that are intended to survive separation from employment, in accordance with the terms of the Agreement. I further state and represent that I have carefully read this Release, understand the contents herein, freely and voluntarily assent to all of the terms and conditions hereof, and sign my name of my own free act.

Validity – Should any provision of this Release be declared or be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Release.

I further acknowledge that:

(1) I first received this Release on the date of the Agreement to which it is attached as Exhibit A;

(2) I understand that, in order for this Release to be effective, I may not sign it prior to the date of my separation of employment with the Company but that if I wish to receive the Separation Benefits, I must sign and return this Release prior to the sixtieth (60^{th}) day following my separation of employment;

(3) I have carefully read and understand this Release;

(4) The Company advised me to consult with an attorney and/or any other advisors of my choice before signing this Release;

(5) I understand that this Release is **LEGALLY BINDING** and by signing it I give up certain rights;

(6) I have voluntarily chosen to enter into this Release and have not been forced or pressured in any way to sign it;

(7) I acknowledge and agree that the Separation Benefits are contingent on execution of this Release, which releases all of my claims against the Company and the Releasees, and I **KNOWINGLY AND VOLUNTARILY AGREE TO RELEASE** the Company and the Releasees from any and all claims I may have, known or unknown, in exchange for the benefits I have obtained by signing, and that these benefits are in addition to any benefit I would have otherwise received if I did not sign this Release;

(8) I have been given at least twenty-one (21) days to consider, and seven (7) days after I sign this Release to revoke it by notifying the Company in writing. The Release will not become effective or enforceable until the seven (7) day revocation period has expired;

(9) Any revocation of this release must be made in a signed writing and sent to the following address no later than 5:00 PM on the seventh (7th) day after I have executed this Agreement:

Intercept Pharmaceuticals, Inc., Attention: General Counsel, 305 Madison Avenue, Morristown, NJ 07960

(10) This Release includes a **WAIVER OF ALL RIGHTS AND CLAIMS** I may have under the Age Discrimination in Employment Act of 1967 (29 U.S.C. §621 *et seq.*); and

(11) This Release does not waive any rights or claims that may arise after this Release becomes effective, which is seven (7) days after I sign it, provided that I do not exercise my right to revoke this Release.

Intending to be legally bound, I have signed this Release as of the date written below.

Signature: _____ _____

Rocco Venezia Date signed

Exhibit 31.1

CERTIFICATION

I, Jerome Durso, certify that:

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

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

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

4. The registrant's other certifying officer(s) 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(s) 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: May 6, 2022

By: /s/ Jerome Durso
Jerome Durso
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Andrew Saik, certify that:

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

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

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

4. The registrant's other certifying officer(s) 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(s) 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: May 6, 2022

By: /s/ Andrew Saik
Andrew Saik
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Jerome Durso, President and Chief Executive Officer of Intercept Pharmaceuticals, Inc. (the "Company"), and Andrew Saik, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2022, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

(2) The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2022

By: /s/ Jerome Durso
Jerome Durso
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 6, 2022

By: /s/ Andrew Saik
Andrew Saik
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Rule 13a-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350) has been provided to Intercept Pharmaceuticals, Inc. and will be retained by Intercept Pharmaceuticals, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Intercept Pharmaceuticals, Inc. under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.