

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021

OR

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

Commission File Number 001-35299



### ALKERMES PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

**Ireland**

(State or other jurisdiction of incorporation or organization)

**98-1007018**

(I.R.S. Employer Identification No.)

**Connaught House**

**1 Burlington Road**

**Dublin 4, Ireland, D04 C5Y6**

(Address of principal executive offices)

**+ 353-1-772-8000**

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Ordinary shares, \$0.01 par value	ALKS	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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

The number of the registrant's ordinary shares, \$0.01 par value, outstanding as of July 23, 2021 was 161,331,522 shares.

**ALKERMES PLC AND SUBSIDIARIES**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2021**

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## Cautionary Note Concerning Forward-Looking Statements

This document contains and incorporates by reference “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In some cases, these statements can be identified by the use of forward-looking terminology such as “may,” “will,” “could,” “should,” “would,” “expect,” “anticipate,” “continue,” “believe,” “plan,” “estimate,” “intend,” or other similar words. These statements discuss future expectations and contain projections of results of operations or of financial condition, or state trends and known uncertainties or other forward-looking information. Forward-looking statements in this Quarterly Report on Form 10-Q (this “Form 10-Q”) include, without limitation, statements regarding:

- our expectations regarding our financial performance, including revenues, expenses, liquidity, capital expenditures and income taxes;
- our expectations regarding our products, including those related to product development, regulatory filings, approvals and timelines, therapeutic and commercial scope and potential, and the costs and expenses related to such activities and expectations;
- our expectations regarding the initiation, timing and results of clinical trials of our products;
- our expectations regarding the competitive, payer, legislative, regulatory and policy landscape, and changes therein, related to our products, including competition from generic forms of our products or competitive products and development programs, barriers to access or coverage of our products and potential changes in reimbursement of our products, and legislation, regulations, executive orders, guidance or other measures that may impact pricing and reimbursement of, and access to, our products;
- our expectations regarding the financial impact of currency exchange rate fluctuations and valuations;
- our expectations regarding future amortization of intangible assets;
- our expectations regarding collaborations, licensing arrangements and other significant agreements with third parties relating to our products and our development programs;
- our expectations regarding the impact of new legislation, rules and regulations and the adoption of new accounting pronouncements;
- our expectations regarding near-term changes in the nature of our market risk exposures or in management’s objectives and strategies with respect to managing such exposures;
- our expectations regarding our ability to comply with restrictive covenants of our indebtedness and our ability to fund our debt service obligations;
- our expectations regarding future capital requirements and capital expenditures and our ability to finance our operations and capital requirements;
- our expectations regarding the timing, outcome and impact of administrative, regulatory, legal and other proceedings related to our products and intellectual property (“IP”), including our patents;
- our expectations regarding the impact of the ongoing novel coronavirus (“COVID-19”) pandemic on our business and operations; and
- other expectations discussed elsewhere in this Form 10-Q.

Actual results might differ materially from those expressed or implied by these forward-looking statements because these forward-looking statements are subject to risks, assumptions and uncertainties. These risks, assumptions and uncertainties include, among others:

- our business, financial condition and results of operations have been, and may continue to be, adversely affected by the COVID-19 pandemic or other similar outbreaks of contagious diseases;
- we receive substantial revenue from our key proprietary products and our success depends on our ability to maintain or increase sales of such products;
- we rely heavily on our licensees in the commercialization and continued development of products from which we receive revenue and, if our licensees are not effective, our revenues could be materially adversely affected;

- we face competition in the biopharmaceutical industry;
- our revenues may decrease or grow at a slower than expected rate due to many factors;
- revenues generated by sales of our products depend on the availability from third-party payers of reimbursement for our products and the extent of cost-sharing arrangements for patients (e.g., patient co-payment, co-insurance, deductible obligations) and cost-control measures imposed, and any reductions in payment rate or reimbursement or increases in our financial obligation to payers could result in decreased sales of our products and/or decreased revenues;
- clinical trials for our product candidates are expensive, may take several years to complete, and their outcomes are uncertain;
- preliminary, topline or interim data from our clinical trials that we may announce, publish or report from time to time may change as more patient data become available or based on subsequent audit and verification procedures, and may not be indicative of final data from such trials;
- the U.S. Food and Drug Administration (the “FDA”) or other regulatory agencies may not agree with our regulatory approval strategies or components of our filings for our products, including our clinical trial designs, conduct and methodologies and the adequacy of the data and other information included in our submissions, and may not approve our products or may delay approval;
- the FDA or other regulatory agencies may impose limitations or post-approval requirements on approvals for our products;
- we are subject to risks related to the manufacture of our products;
- we rely on third parties to provide services in connection with the manufacture and distribution of the products we manufacture;
- patent and other IP protection for our products is key to our business and our competitive position but is uncertain;
- uncertainty over IP in the biopharmaceutical industry has been the source of litigation, which is inherently costly and unpredictable, could significantly delay or prevent approval or negatively impact commercialization of our products, and could adversely affect our business;
- we or our licensees may face claims against IP rights covering our products and competition from generic drug manufacturers;
- litigation or arbitration filed against Alkermes, including securities litigation, or regulatory actions (such as citizens petitions) filed against regulatory agencies in respect of our products, may result in financial losses, harm our reputation, divert management resources, negatively impact the approval of our products, or otherwise negatively impact our business;
- if there are changes in, or we fail to comply with, the extensive legal and regulatory requirements affecting the healthcare industry, we could face costs, penalties and a loss of business;
- we may not become profitable on a sustained basis;
- our level of indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business;
- the business combination of Alkermes, Inc. and the drug technology business of Elan Corporation, plc may limit our ability to use our tax attributes to offset taxable income, if any, generated from such business combination;
- the market price for our ordinary shares has been volatile and may continue to be volatile in the future, and could decline significantly;
- our business could be negatively affected as a result of the actions of activist shareholders; and
- security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

For additional discussion regarding these risks, assumptions and uncertainties, and other material risks to our business, see “Part I, Item 1A—Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission (the “SEC”) on February 11, 2021, as amended by Amendment No. 1 to Annual Report on Form 10-K/A, filed with the SEC on April 29, 2021 (as so amended, our “Annual Report”). In light of these risks, assumptions and uncertainties, the forward-looking events discussed in this Form 10-Q might not occur. You are cautioned not to place undue reliance on the forward-looking statements in this Form 10-Q, which speak only as of the date of this Form 10-Q. All subsequent written and oral forward-looking statements concerning the matters addressed in this Form 10-Q and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except as required by applicable law or regulation, we do not undertake any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This Form 10-Q may include data that we obtained from industry publications and third-party research, surveys and studies. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. This Form 10-Q may also include data based on our own internal estimates and research. Our internal estimates and research have not been verified by any independent source and, while we believe the industry publications and third-party research, surveys and studies are reliable, we have not independently verified such data. Such third-party data and our internal estimates and research are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Part I, Item 1A—Risk Factors” in our Annual Report. These and other factors could cause our results to differ materially from those expressed in this Form 10-Q.

#### **Note Regarding Company and Product References**

Alkermes plc is a fully-integrated, global biopharmaceutical company that applies its scientific expertise and proprietary technologies to research, develop and commercialize, both with partners and on its own, pharmaceutical products that are designed to address unmet medical needs of patients in major therapeutic areas. We have a portfolio of proprietary commercial products focused on addiction, schizophrenia and bipolar I disorder, and a pipeline of product candidates in development for neurodegenerative disorders and cancer. Use of terms such as “us,” “we,” “our,” “Alkermes” or the “Company” in this Form 10-Q is meant to refer to Alkermes plc and its consolidated subsidiaries. Except as otherwise suggested by the context, (a) references to “products” or “our products” in this Form 10-Q include our marketed products, marketed products using our proprietary technologies, our licensed products, our product candidates and product candidates using our proprietary technologies (b) references to the “biopharmaceutical industry” in this Form 10-Q are intended to include reference to the “biotechnology industry” and/or the “pharmaceutical industry” and (c) references to “licensees” in this Form 10-Q are used interchangeably with references to “partners.”

#### **Note Regarding Trademarks**

We are the owner of various United States (“U.S.”) federal trademark registrations (“®”) and other trademarks (“™”), including ALKERMES®, ARISTADA®, ARISTADA INITIO®, LinkeRx®, LYBALVI®, NanoCrystal® and VIVITROL®.

The following are trademarks of the respective companies listed: AMPYRA® and FAMPYRA®—Acorda Therapeutics, Inc. (“Acorda”); ANJESO®—Baudax Bio, Inc.; INVEGA SUSTENNA®, INVEGA TRINZA®, TREVICTA®, XEPLION®, and RISPERDAL CONSTA®—Johnson & Johnson (or its affiliates); and VUMERITY®—Biogen MA Inc. (together with its affiliates, “Biogen”). Other trademarks, trade names and service marks appearing in this Form 10-Q are the property of their respective owners. Solely for convenience, the trademarks and trade names in this Form 10-Q are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

**PART I. FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements:**

**ALKERMES PLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**

	June 30, 2021	December 31, 2020
	(In thousands, except share and per share amounts)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$258,341	\$272,961
Investments—short-term	280,004	362,066
Receivables, net	297,357	275,143
Contract assets	8,793	14,401
Inventory	136,077	125,738
Prepaid expenses and other current assets	57,186	60,662
Total current assets	<u>1,037,758</u>	<u>1,110,971</u>
PROPERTY, PLANT AND EQUIPMENT, NET	343,949	350,003
INVESTMENTS—LONG-TERM	131,032	24,780
RIGHT-OF-USE ASSETS	123,012	131,718
INTANGIBLE ASSETS, NET	93,274	111,191
GOODWILL	92,873	92,873
DEFERRED TAX ASSETS	75,643	86,228
CONTINGENT CONSIDERATION	22,632	24,651
OTHER ASSETS	17,396	17,315
<b>TOTAL ASSETS</b>	<u><u>\$1,937,569</u></u>	<u><u>\$1,949,730</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$357,961	\$412,171
Operating lease liabilities—short-term	15,847	15,732
Contract liabilities—short-term	6,634	7,512
Current portion of long-term debt	3,000	2,843
Total current liabilities	<u>383,442</u>	<u>438,258</u>
LONG-TERM DEBT	294,070	272,118
OPERATING LEASE LIABILITIES—LONG-TERM	111,664	119,464
CONTRACT LIABILITIES—LONG-TERM	14,167	16,397
OTHER LONG-TERM LIABILITIES	36,324	36,511
Total liabilities	<u>839,667</u>	<u>882,748</u>
<b>COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred shares, par value, \$0.01 per share; 50,000,000 shares authorized; zero issued and outstanding at June 30, 2021 and December 31, 2020, respectively	—	—
Ordinary shares, par value, \$0.01 per share; 450,000,000 shares authorized; 164,965,774 and 162,269,220 shares issued; 161,296,126 and 159,161,141 shares outstanding at June 30, 2021 and December 31, 2020, respectively	1,650	1,620
Treasury shares, at cost (3,669,648 and 3,108,079 shares at June 30, 2021 and December 31, 2020, respectively)	(137,207)	(126,087)
Additional paid-in capital	2,748,584	2,685,647
Accumulated other comprehensive loss	(2,222)	(1,349)
Accumulated deficit	(1,512,903)	(1,492,849)
Total shareholders' equity	<u>1,097,902</u>	<u>1,066,982</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>\$1,937,569</u></u>	<u><u>\$1,949,730</u></u>

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

**ALKERMES PLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	2021	2020	2021	2020
	(In thousands, except per share amounts)			
<b>REVENUES:</b>				
Product sales, net	\$ 160,808	\$ 130,415	\$ 290,771	\$ 260,141
Manufacturing and royalty revenues	142,294	116,505	262,141	232,756
License revenue	—	—	1,500	—
Research and development revenue	615	609	735	852
Total revenues	<u>303,717</u>	<u>247,529</u>	<u>555,147</u>	<u>493,749</u>
<b>EXPENSES:</b>				
Cost of goods manufactured and sold (exclusive of amortization of acquired intangible assets shown below)	53,124	45,053	94,144	92,264
Research and development	97,473	94,222	189,741	187,501
Selling, general and administrative	139,188	132,025	264,356	265,397
Amortization of acquired intangible assets	9,511	9,890	18,917	19,618
Total expenses	<u>299,296</u>	<u>281,190</u>	<u>567,158</u>	<u>564,780</u>
<b>OPERATING INCOME (LOSS)</b>	<u>4,421</u>	<u>(33,661)</u>	<u>(12,011)</u>	<u>(71,031)</u>
<b>OTHER INCOME (EXPENSE), NET:</b>				
Interest income	623	1,788	1,487	4,548
Interest expense	(2,407)	(2,122)	(6,377)	(4,979)
Change in the fair value of contingent consideration	3,240	5,900	4,518	12,700
Other (expense) income, net	(222)	2,337	(615)	1,679
Total other income (expense), net	<u>1,234</u>	<u>7,903</u>	<u>(987)</u>	<u>13,948</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	5,655	(25,758)	(12,998)	(57,083)
<b>INCOME TAX PROVISION</b>	3,291	3,673	7,056	11,002
<b>NET INCOME (LOSS)</b>	<u>\$ 2,364</u>	<u>\$ (29,431)</u>	<u>\$ (20,054)</u>	<u>\$ (68,085)</u>
<b>EARNINGS (LOSS) PER ORDINARY SHARE:</b>				
Basic and diluted	<u>\$ 0.01</u>	<u>\$ (0.19)</u>	<u>\$ (0.13)</u>	<u>\$ (0.43)</u>
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING:</b>				
Basic	<u>160,817</u>	<u>158,895</u>	<u>160,229</u>	<u>158,495</u>
Diluted	<u>163,937</u>	<u>158,895</u>	<u>160,229</u>	<u>158,495</u>
<b>COMPREHENSIVE INCOME (LOSS):</b>				
Net income (loss)	\$ 2,364	\$ (29,431)	\$ (20,054)	\$ (68,085)
Holding (loss) gain, net of a tax (benefit) provision of \$(79), \$409, \$(253) and \$496, respectively	(272)	1,398	(873)	1,715
<b>COMPREHENSIVE INCOME (LOSS)</b>	<u>\$ 2,092</u>	<u>\$ (28,033)</u>	<u>\$ (20,927)</u>	<u>\$ (66,370)</u>

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

**ALKERMES PLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	Six Months Ended June 30,	
	2021	2020
(In thousands)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (20,054)	\$ (68,085)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization	38,119	40,946
Share-based compensation expense	43,003	42,659
Deferred income taxes	10,806	7,665
Change in the fair value of contingent consideration	(4,518)	(12,700)
Loss on debt extinguishment	171	—
Other non-cash charges	1,302	690
Changes in assets and liabilities:		
Receivables	(22,194)	19,731
Contract assets	5,607	(854)
Inventory	(11,232)	(13,782)
Prepaid expenses and other assets	2,029	7,645
Right-of-use assets	8,595	8,594
Accounts payable and accrued expenses	(52,629)	(68,260)
Contract liabilities	(3,108)	(2,364)
Operating lease liabilities	(7,821)	(6,940)
Other long-term liabilities	(159)	351
Cash flows used in operating activities	<u>(12,083)</u>	<u>(44,704)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions of property, plant and equipment	(14,546)	(30,372)
Proceeds from the sale of equipment	177	5
Proceeds from contingent consideration	7,889	—
Payment made for licensed IP	(1,000)	—
Purchases of investments	(201,774)	(85,649)
Sales and maturities of investments	175,499	147,859
Cash flows (used in) provided by investing activities	<u>(33,755)</u>	<u>31,843</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from the issuance of ordinary shares under share-based compensation arrangements	20,498	6,919
Employee taxes paid related to net share settlement of equity awards	(11,120)	(7,406)
Proceeds from the issuance of long-term debt	23,567	—
Payment made for debt extinguishment	(977)	—
Principal payments of long-term debt	(750)	(1,421)
Cash flows provided by (used in) financing activities	<u>31,218</u>	<u>(1,908)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,620)	(14,769)
CASH AND CASH EQUIVALENTS—Beginning of period	272,961	203,771
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 258,341</u>	<u>\$ 189,002</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE:</b>		
Non-cash investing and financing activities:		
Purchased capital expenditures included in accounts payable and accrued expenses	\$ 1,023	\$ 4,431

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



**ALKERMES PLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(unaudited)**

	Ordinary Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
	(In thousands, except share data)							
BALANCE — December 31, 2020	162,269,220	\$ 1,620	\$ 2,685,647	\$ (1,349)	\$ (1,492,849)	(3,108,079)	\$ (126,087)	\$ 1,066,982
Issuance of ordinary shares under employee stock plans	134,163	4	2,049	—	—	—	—	2,053
Receipt of Alkermes' shares for the exercise of stock options or to satisfy minimum tax withholding obligations related to share-based awards	1,432,522	14	(14)	—	—	(529,817)	(10,413)	(10,413)
Share-based compensation	—	—	15,552	—	—	—	—	15,552
Unrealized loss on marketable securities, net of tax benefit of \$174	—	—	—	(601)	—	—	—	(601)
Net loss	—	—	—	—	(22,418)	—	—	(22,418)
BALANCE — March 31, 2021	163,835,905	\$ 1,638	\$ 2,703,234	\$ (1,950)	\$ (1,515,267)	(3,637,896)	\$ (136,500)	\$ 1,051,155
Issuance of ordinary shares under employee stock plans	1,035,941	11	18,434	—	—	—	—	18,445
Receipt of Alkermes' shares for the purchase of stock options or to satisfy minimum tax withholding obligations related to share-based awards	93,928	1	(1)	—	—	(31,752)	(707)	(707)
Share-based compensation	—	—	26,917	—	—	—	—	26,917
Unrealized loss on marketable securities, net of tax benefit of \$79	—	—	—	(272)	—	—	—	(272)
Net income	—	—	—	—	2,364	—	—	2,364
BALANCE — June 30, 2021	164,965,774	\$ 1,650	\$ 2,748,584	\$ (2,222)	\$ (1,512,903)	(3,669,648)	\$ (137,207)	\$ 1,097,902

	Ordinary Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
(In thousands, except share data)								
BALANCE — December 31, 2019	160,489,888	\$ 1,602	\$ 2,586,030	\$ (1,816)	\$ (1,381,988)	(2,710,886)	\$ (118,386)	\$ 1,085,442
Issuance of ordinary shares under employee stock plans	258,137	3	3,068	—	—	—	—	3,071
Receipt of Alkermes' shares for the exercise of stock options or to satisfy minimum tax withholding obligations related to share-based awards	1,020,510	10	(10)	—	—	(372,846)	(7,283)	(7,283)
Share-based compensation	—	—	20,125	—	—	—	—	20,125
Unrealized gain on marketable securities, net of tax provision of \$87	—	—	—	317	—	—	—	317
Net loss	—	—	—	—	(38,654)	—	—	(38,654)
BALANCE — March 31, 2020	161,768,535	\$ 1,615	\$ 2,609,213	\$ (1,499)	\$ (1,420,642)	(3,083,732)	\$ (125,669)	\$ 1,063,018
Issuance of ordinary shares under employee stock plans	327,251	3	3,845	—	—	—	—	3,848
Receipt of Alkermes' shares for the purchase of stock options or to satisfy minimum tax withholding obligations related to share-based awards	24,175	—	—	—	—	(7,874)	(123)	(123)
Share-based compensation	—	—	23,136	—	—	—	—	23,136
Unrealized gain on marketable securities, net of tax provision of \$409	—	—	—	1,398	—	—	—	1,398
Net loss	—	—	—	—	(29,431)	—	—	(29,431)
BALANCE — June 30, 2020	<u>162,119,961</u>	<u>\$ 1,618</u>	<u>\$ 2,636,194</u>	<u>\$ (101)</u>	<u>\$ (1,450,073)</u>	<u>(3,091,606)</u>	<u>\$ (125,792)</u>	<u>\$ 1,061,846</u>

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

## **1. THE COMPANY**

Alkermes plc is a fully-integrated, global biopharmaceutical company that applies its scientific expertise and proprietary technologies to research, develop and commercialize, both with partners and on its own, pharmaceutical products that are designed to address unmet medical needs of patients in major therapeutic areas. Alkermes has a portfolio of proprietary commercial products focused on addiction, schizophrenia and bipolar I disorder, and a pipeline of product candidates in development for neurodegenerative disorders and cancer. Headquartered in Dublin, Ireland, the Company has a research and development (“R&D”) center in Waltham, Massachusetts; an R&D and manufacturing facility in Athlone, Ireland; and a manufacturing facility in Wilmington, Ohio.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *Basis of Presentation*

The accompanying condensed consolidated financial statements of the Company for the three and six months ended June 30, 2021 and 2020 are unaudited and have been prepared on a basis substantially consistent with the audited financial statements for the year ended December 31, 2020. The year-end condensed consolidated balance sheet data, which is presented for comparative purposes, was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the U.S. (commonly referred to as “GAAP”). In the opinion of management, the condensed consolidated financial statements include all adjustments, which are of a normal recurring nature, that are necessary to state fairly the results of operations for the reported periods.

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company, which are contained in the Company’s Annual Report. The results of the Company’s operations for any interim period are not necessarily indicative of the results of the Company’s operations for any other interim period or for any full fiscal year.

### *Principles of Consolidation*

The condensed consolidated financial statements include the accounts of Alkermes plc and its wholly-owned subsidiaries as disclosed in Note 2, *Summary of Significant Accounting Policies*, in the “Notes to Consolidated Financial Statements” accompanying the Company’s Annual Report. Intercompany accounts and transactions have been eliminated.

### *Use of Estimates*

The preparation of the Company’s condensed consolidated financial statements in accordance with GAAP requires that management make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, judgments and methodologies, including those related to revenue from contracts with its customers and related allowances, impairment and amortization of intangibles and long-lived assets, share-based compensation, income taxes including the valuation allowance for deferred tax assets, valuation of investments, contingent consideration and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of the Company’s assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

### *Segment Information*

The Company operates as one business segment, which is the business of developing, manufacturing and commercializing medicines. The Company’s chief decision maker, the Chief Executive Officer and Chairman of the Company’s board of directors, reviews the Company’s operating results on an aggregate basis and manages the Company’s operations as a single operating unit.

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

*Risks and Uncertainties*

In March 2020, COVID-19 was declared a global pandemic by the World Health Organization. To date, COVID-19 has surfaced in nearly all regions around the world and resulted in travel restrictions and business slowdowns and/or shutdowns in affected areas. Ireland, all U.S. states, and many local jurisdictions and countries around the world have, at times during the pandemic, issued “shelter-in-place” orders, quarantines, executive orders and similar government orders, restrictions, and recommendations for their residents to control the spread of COVID-19. Such orders, restrictions and/or recommendations, and/or the perception that additional orders, restrictions or recommendations could occur, have, at times during the pandemic, resulted in widespread closures of businesses, including healthcare systems that serve people living with addiction and serious mental illness, work stoppages, slowdowns and/or delays, work-from-home policies and travel restrictions, among other effects.

The Company continues to closely monitor and respond to the ongoing impact of COVID-19 on its employees, communities and business operations. Due to numerous uncertainties surrounding the ongoing COVID-19 pandemic, the actual impact of the pandemic on the Company’s financial condition and operating results may differ from current projections. These uncertainties include, among others, the ultimate severity and duration of the pandemic; the emergence and prevalence of COVID-19 variants; governmental, business or other actions that have been, are being or will be, taken in response to the pandemic, including restrictions on travel and mobility, business closures and operating restrictions, and imposition of social distancing measures; impacts of the pandemic on the Company’s employees, the vendors or distribution channels in the Company’s supply chain and on the Company’s ability to continue to manufacture its products; impacts of the pandemic on the conduct of the Company’s clinical trials, including with respect to enrollment rates, availability of investigators and clinical trial sites, and monitoring of data; impacts of the pandemic on healthcare systems that serve people living with opioid dependence, alcohol dependence, schizophrenia and bipolar I disorder; impacts of the pandemic on the regulatory agencies with which the Company interacts in the development, review, approval and commercialization of its medicines; impacts of the pandemic on reimbursement for the Company’s products, including the Company’s Medicaid rebate liability, and for services related to the use of its products; and impacts of the pandemic on the Irish, U.S. and global economies more broadly.

In addition, the Company relies upon third parties for many aspects of its business, including the provision of goods and services related to the manufacture of its clinical products and its and its partners’ marketed products, the conduct of its clinical trials, and the sale of its proprietary marketed products and the marketed products of its licensees from which the Company receives manufacturing and royalty revenue. Any prolonged material disruption to the third parties on which the Company relies could negatively impact the Company’s ability to conduct business in the manner and on the timelines presently planned, which could have a material adverse impact on the Company’s business, results of operations and financial condition.

The marketed products from which the Company derives revenue, including manufacturing and royalty revenue, are primarily injectable medications administered by healthcare professionals. Given developments that have transpired to date, and may continue to transpire, in response to the pandemic, including business closures, social distancing requirements and other restrictive measures, commercial sales of these marketed products have been adversely impacted to varying degrees during the pandemic and may continue to be adversely impacted while the pandemic persists.

The Company has continued to operate its manufacturing facilities and supply its medicines throughout the pandemic. While the Company continues to conduct R&D activities, including its ongoing clinical trials, the COVID-19 pandemic has, at times, impacted the timelines of certain of the Company’s early-stage discovery efforts and clinical trials, and may continue to impact such timelines while the pandemic persists. The Company works with its internal teams, its clinical investigators, R&D vendors and critical supply chain vendors to continually assess, and mitigate, any potential adverse impacts of COVID-19 on its manufacturing operations and R&D activities.

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

*New Accounting Pronouncements*

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the “FASB”) or other standard-setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In March 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-04, *Reference Rate Reform*, which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. This ASU applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This ASU became effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company is currently assessing the impact that this ASU may have on its consolidated financial statements.

**3. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Under FASB Accounting Standards Codification 606, *Revenue from Contracts with Customers* (“Topic 606”), the Company recognizes revenues when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company recognizes revenues following the five-step model prescribed under Topic 606: (i) identify contract(s) with a customer; (ii) identify the performance obligation(s) in the contract(s); (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract(s); and (v) recognize revenues when (or as) the Company satisfies the performance obligation(s).

Product Sales, Net

The Company’s product sales, net consist of sales of VIVITROL and ARISTADA (together with ARISTADA INITIO) in the U.S., primarily to wholesalers, specialty distributors and specialty pharmacies. Product sales, net are recognized when the customer obtains control of the product, which is when the product has been received by the customer.

During the three and six months ended June 30, 2021 and 2020, the Company recorded product sales, net, as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
VIVITROL	\$ 88,417	\$ 71,646	\$ 162,951	\$ 150,415
ARISTADA and ARISTADA INITIO	72,391	58,769	127,820	109,726
Total product sales, net	<u>\$ 160,808</u>	<u>\$ 130,415</u>	<u>\$ 290,771</u>	<u>\$ 260,141</u>

Manufacturing and Royalty Revenues

During the three and six months ended June 30, 2021 and 2020, the Company recorded manufacturing and royalty revenues as follows:

(In thousands)	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	Manufacturing Revenue	Royalty Revenue	Total	Manufacturing Revenue	Royalty Revenue	Total
INVEGA SUSTENNA/XEPLION & INVEGA TRINZA/TREVICTA	\$ —	\$ 81,072	\$ 81,072	\$ —	\$ 142,642	\$ 142,642
VUMERITY	6,724	13,624	20,348	9,172	24,616	33,788
RISPERDAL CONSTA	12,003	2,448	14,451	22,686	5,927	28,613
AMPYRA/FAMPYRA	7,549	5,767	13,316	15,627	12,361	27,988
Other	3,017	10,090	13,107	6,893	22,217	29,110
	<u>\$ 29,293</u>	<u>\$ 113,001</u>	<u>\$ 142,294</u>	<u>\$ 54,378</u>	<u>\$ 207,763</u>	<u>\$ 262,141</u>

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

(In thousands)	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Manufacturing Revenue	Royalty Revenue	Total	Manufacturing Revenue	Royalty Revenue	Total
INVEGA SUSTENNA/XEPLION & INVEGA TRINZA/TREVICTA	\$ —	\$ 69,385	\$ 69,385	\$ —	\$ 124,312	\$ 124,312
VUMERITY	1,305	1,289	2,594	2,632	1,654	4,286
RISPERDAL CONSTA	10,193	3,536	13,729	33,776	7,269	41,045
AMPYRA/FAMPYRA	7,154	5,354	12,508	14,976	12,501	27,477
Other	6,689	11,600	18,289	14,168	21,468	35,636
	\$ 25,341	\$ 91,164	\$ 116,505	\$ 65,552	\$ 167,204	\$ 232,756

Contract assets include unbilled amounts under certain of the Company's contracts with customers where revenue is recognized over time. Total contract assets at June 30, 2021 included \$8.8 million of assets that were classified as "Current assets" in the accompanying condensed consolidated balance sheets, as they related to manufacturing processes that are completed in ten days to eight weeks, and \$5.0 million that was classified as "Other assets" in the accompanying condensed consolidated balance sheets, as it consisted of consideration from the Company's collaboration with Biogen related to VUMERITY, which the Company expects to receive within the next two years.

Total contract assets at June 30, 2021 were as follows:

(In thousands)	Contract Assets
Contract assets at December 31, 2020	\$ 19,401
Additions	18,152
Transferred to receivables, net	(23,760)
Contract assets at June 30, 2021	\$ 13,793

Contract Liabilities

Contract liabilities consist of contractual obligations related to deferred revenue.

Total contract liabilities at June 30, 2021 were as follows:

(In thousands)	Contract Liabilities
Contract liabilities at December 31, 2020	\$ 23,909
Additions	—
Amounts recognized into revenue	(3,108)
Contract liabilities at June 30, 2021	\$ 20,801

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

**4. INVESTMENTS**

Investments consisted of the following (in thousands):

June 30, 2021	Amortized Cost	Gains	Gross Unrealized Losses		Allowance for Credit Losses	Estimated Fair Value
			Less than One Year	Greater than One Year		
<b>Short-term investments:</b>						
Available-for-sale securities:						
Corporate debt securities	\$ 136,404	\$ 570	\$ (16)	\$ —	\$ —	\$ 136,958
International government agency debt securities	72,982	190	(5)	—	—	73,167
U.S. government and agency debt securities	67,868	139	—	—	—	68,007
	<u>277,254</u>	<u>899</u>	<u>(21)</u>	<u>—</u>	<u>—</u>	<u>278,132</u>
Held-to-maturity securities:						
Fixed term deposit account	1,667	205	—	—	—	1,872
Total short-term investments	<u>278,921</u>	<u>1,104</u>	<u>(21)</u>	<u>—</u>	<u>—</u>	<u>280,004</u>
<b>Long-term investments:</b>						
Available-for-sale securities:						
Corporate debt securities	52,638	—	(46)	—	—	52,592
International government agency debt securities	30,877	—	(46)	—	—	30,831
U.S. government and agency debt securities	45,831	—	(42)	—	—	45,789
	<u>129,346</u>	<u>—</u>	<u>(134)</u>	<u>—</u>	<u>—</u>	<u>129,212</u>
Held-to-maturity securities:						
Certificates of deposit	1,820	—	—	—	—	1,820
Total long-term investments	<u>131,166</u>	<u>—</u>	<u>(134)</u>	<u>—</u>	<u>—</u>	<u>131,032</u>
Total investments	<u>\$ 410,087</u>	<u>\$ 1,104</u>	<u>\$ (155)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 411,036</u>
<b>December 31, 2020</b>						
<b>Short-term investments:</b>						
Available-for-sale securities:						
Corporate debt securities	\$ 176,937	\$ 1,105	\$ (7)	\$ —	\$ (977)	\$ 177,058
U.S. government and agency debt securities	103,011	336	(2)	—	—	103,345
International government agency debt securities	79,346	469	(6)	—	—	79,809
	<u>359,294</u>	<u>1,910</u>	<u>(15)</u>	<u>—</u>	<u>(977)</u>	<u>360,212</u>
Held-to-maturity securities:						
Fixed term deposit account	1,667	187	—	—	—	1,854
Total short-term investments	<u>360,961</u>	<u>2,097</u>	<u>(15)</u>	<u>—</u>	<u>(977)</u>	<u>362,066</u>
<b>Long-term investments:</b>						
Available-for-sale securities:						
Corporate debt securities	7,908	—	(10)	—	—	7,898
International government agency debt securities	15,077	—	(15)	—	—	15,062
	<u>22,985</u>	<u>—</u>	<u>(25)</u>	<u>—</u>	<u>—</u>	<u>22,960</u>
Held-to-maturity securities:						
Certificates of deposit	1,820	—	—	—	—	1,820
Total long-term investments	<u>24,805</u>	<u>—</u>	<u>(25)</u>	<u>—</u>	<u>—</u>	<u>24,780</u>
Total investments	<u>\$ 385,766</u>	<u>\$ 2,097</u>	<u>\$ (40)</u>	<u>\$ —</u>	<u>\$ (977)</u>	<u>\$ 386,846</u>

At June 30, 2021, the Company reviewed its investment portfolio to assess whether the unrealized losses on its available-for-sale investments were other-than-temporary. Investments with unrealized losses consisted primarily of corporate debt securities and debt securities issued by non-U.S. agencies and backed by non-U.S. governments. In making the determination whether the decline in fair value of these securities was other-than-temporary, the Company

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

evaluated whether it intended to sell the security and whether it was more likely than not that the Company would be required to sell the security before recovering its amortized cost basis.

If the Company intends to sell a security, or it is more likely than not that the Company would be required to sell a security prior to recovering its amortized cost basis, an other-than-temporary impairment is deemed to have occurred. The amount of an other-than-temporary impairment related to a credit loss, or investments that the Company intends to sell before recovery, is recognized in earnings.

In September 2019, the Company purchased a convertible promissory note in the principal amount of \$1.9 million from Synchronicity Pharma, Inc., a related party. The note was classified as an available-for-sale corporate debt instrument. In September 2020, the Company recorded an other-than-temporary credit loss of \$1.0 million against the value of this investment. During the three months ended June 30, 2021, the Company determined that the remaining \$0.9 million value of the investment was impaired and recorded an additional other-than-temporary credit loss. The loss was recorded within "Other (expense) income, net" in the accompanying condensed consolidated statements of operations and comprehensive income (loss).

In May 2014, the Company entered into an agreement whereby it committed to provide up to €7.4 million to Fountain Healthcare Partners II, L.P., an Irish partnership ("Fountain"), which was created to carry on the business of investing exclusively in companies and businesses engaged in the healthcare, pharmaceutical and life sciences sectors. The Company's commitment to Fountain represents approximately 7% of Fountain's total funding. As of June 30, 2021, the Company had invested €7.2 million in Fountain. The Company is accounting for its investment in Fountain under the equity method.

The Company's net investment in Fountain was \$5.9 million and \$6.2 million at June 30, 2021 and December 31, 2020, respectively, and was included within "Other assets" in the accompanying condensed consolidated balance sheets.

The proceeds from sales and maturities of marketable securities, which were identified using the specific identification method and were primarily reinvested, were as follows:

(In thousands)	Six Months Ended June 30,	
	2021	2020
Proceeds from the sales and maturities of marketable securities	\$ 175,499	\$ 147,859
Realized gains	\$ —	\$ 51
Realized losses	\$ 977	\$ —

The Company's available-for-sale and held-to-maturity securities at June 30, 2021 had contractual maturities in the following periods:

(In thousands)	Available-for-sale		Held-to-maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	\$ 194,815	\$ 195,149	\$ 3,487	\$ 3,692
After 1 year through 5 years	211,785	212,195	—	—
Total	<u>\$ 406,600</u>	<u>\$ 407,344</u>	<u>\$ 3,487</u>	<u>\$ 3,692</u>



**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

**5. FAIR VALUE**

The following table presents information about the Company’s assets and liabilities at June 30, 2021 and December 31, 2020 that are measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

(In thousands)	June 30, 2021	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents	\$ 1,872	\$ 1,872	\$ —	\$ —
U.S. government and agency debt securities	113,796	76,337	37,459	—
Corporate debt securities	189,550	—	189,550	—
International government agency debt securities	103,998	—	103,998	—
Contingent consideration	29,061	—	—	29,061
<b>Total</b>	<b>\$ 438,277</b>	<b>\$ 78,209</b>	<b>\$ 331,007</b>	<b>\$ 29,061</b>
	December 31, 2020	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash equivalents	\$ 41,849	\$ 41,849	\$ —	\$ —
U.S. government and agency debt securities	103,345	73,451	29,894	—
Corporate debt securities	184,956	—	183,979	977
International government agency debt securities	94,871	—	94,871	—
Contingent consideration	32,451	—	—	32,451
<b>Total</b>	<b>\$ 457,472</b>	<b>\$ 115,300</b>	<b>\$ 308,744</b>	<b>\$ 33,428</b>

The Company transfers its financial assets and liabilities, measured at fair value on a recurring basis, between the fair value hierarchies at the end of each reporting period.

There were no transfers of any securities between the fair value hierarchies during the six months ended June 30, 2021. The following table is a rollforward of the fair value of the Company’s assets whose fair values were determined using Level 3 inputs at June 30, 2021:

(In thousands)	Fair Value
Balance, January 1, 2021	\$ 33,428
Change in the fair value of contingent consideration	4,518
Milestone and royalty payments received by the Company related to contingent consideration	(7,889)
Impairment of corporate debt security	(977)
Royalty payments due to the Company related to contingent consideration	(19)
Balance, June 30, 2021	<b>\$ 29,061</b>

The Company’s investments in U.S. government and agency debt securities, international government agency debt securities and corporate debt securities classified as Level 2 within the fair value hierarchy were initially valued at the transaction price and subsequently valued, at the end of each reporting period, utilizing market-observable data. The market-observable data included reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events. The Company validated the prices developed using the market-observable data by obtaining market values from other pricing sources, analyzing pricing data in certain instances and confirming that the relevant markets are active.

In April 2015, the Company sold its Gainesville, GA manufacturing facility, the manufacturing and royalty revenue associated with certain products manufactured at the facility, and the rights to IV/IM and parenteral forms of Meloxicam to Recro Pharma, Inc. (“Recro”) and Recro Gainesville LLC (such transaction, the “Gainesville Transaction”). The Gainesville Transaction included in the purchase price contingent consideration tied to low double digit royalties on net sales of the IV/IM and parenteral forms of Meloxicam and any other product with the same active ingredient as Meloxicam IV/IM that is discovered or identified using certain of the Company’s IP to which Recro was provided a right of use, through license or transfer, pursuant to the Gainesville Transaction (such products, the “Meloxicam Products”), and milestone payments upon the achievement of certain regulatory and sales milestones related to the Meloxicam Products.

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

In November 2019, Recro spun out its acute care segment to Baudax Bio, Inc. (“Baudax”), a publicly-traded pharmaceutical company. As part of this transaction, Recro’s obligations to pay the Company certain contingent consideration from the Gainesville Transaction were assigned and/or transferred to Baudax.

In Baudax’s Quarterly Report on Form 10-Q for the period ended March 31, 2021, Baudax included disclosures regarding its ability to continue as a going concern. At June 30, 2021, the Company determined the fair value of the contingent consideration due to the Company from Baudax as follows:

- The Company is due to receive \$38.6 million related to the FDA approval in February 2020 of the New Drug Application (“NDA”) for ANJESO, the first Meloxicam Product, to be paid in six equal, annual installments on the anniversary of such approval;
- The Company is entitled to receive royalties on future net sales of Meloxicam Products; and
- The Company is entitled to receive payments of up to \$80.0 million upon achieving certain sales milestones on future net sales of Meloxicam Products. The fair value of the sales milestones was determined through the use of a real options approach, where net sales are simulated in a risk-neutral world. To employ this methodology, the Company used a risk-adjusted expected growth rate based on its assessments of expected growth in net sales of ANJESO, adjusted by an appropriate factor capturing their respective correlation with the market.

In order to address the substantial doubt about Baudax’s ability to continue as a going concern, the Company split its fair value analysis into two scenarios. In the first scenario, to which the Company applied a 55% and 50% likelihood at June 30, 2021 and December 31, 2020, respectively, the amounts above were discounted using a rate of 13% at June 30, 2021 and December 31, 2020, which the Company believes captures a market participant’s view of the risk associated with the expected payments assuming Baudax is able to continue as a going concern. In the second scenario, to which the Company applied a 45% and 50% likelihood at June 30, 2021 and December 31, 2020, respectively, the Company used the undiscounted values derived from the amounts summarized above and applied a recovery rate of 18% at June 30, 2021 and December 31, 2020, based on an analysis performed by Moody’s Investor Service regarding recoveries in a pandemic-driven default cycle.

At June 30, 2021 and December 31, 2020, the Company determined that the fair value of the contingent consideration related to the Gainesville Transaction was \$29.1 million and \$32.5 million, respectively. At June 30, 2021 and December 31, 2020, \$6.5 million and \$7.8 million, respectively, of the fair value of the contingent consideration was included within “Prepaid expenses and other current assets” in the accompanying condensed consolidated balance sheets, and \$22.6 million and \$24.7 million, respectively, of the fair value of the contingent consideration was included within “Contingent consideration” in the accompanying condensed consolidated balance sheets. The Company recorded an increase of \$3.2 million and \$4.5 million during the three and six months ended June 30, 2021, respectively, and an increase of \$5.9 million and \$12.7 million during the three and six months ended June 30, 2020, respectively, within “Change in the fair value of contingent consideration” in the accompanying condensed consolidated statements of operations and comprehensive income (loss).

The carrying amounts reflected in the accompanying condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, contract assets, other current assets, accounts payable and accrued expenses approximate fair value due to their short-term nature.

The estimated fair value of the Company’s long-term debt under its amended and restated credit agreement, which was based on quoted market price indications (Level 2 in the fair value hierarchy) and which may not be representative of actual values that could have been, or will be, realized in the future, was \$297.8 million and \$275.1 million at June 30, 2021 and December 31, 2020, respectively. See Note 11, *Long-Term Debt* in these “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q for additional information.

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

**6. INVENTORY**

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Inventory consisted of the following:

(In thousands)	June 30, 2021	December 31, 2020
Raw materials	\$ 50,650	\$ 44,944
Work in process	51,394	53,243
Finished goods <sup>(1)</sup>	34,033	27,551
Total inventory	<u>\$ 136,077</u>	<u>\$ 125,738</u>

(1) At June 30, 2021 and December 31, 2020, the Company had \$25.3 million and \$26.5 million, respectively, of finished goods inventory located at its third-party warehouse and shipping service provider.

At June 30, 2021 and December 31, 2020, the carrying value of inventory included \$14.5 million and \$13.8 million, respectively, associated with LYBALVI, which was capitalized in advance of validation of LYBALVI's manufacturing line.

**7. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

(In thousands)	June 30, 2021	December 31, 2020
Land	\$ 6,560	\$ 6,560
Building and improvements	179,387	178,194
Furniture, fixtures and equipment	371,787	366,051
Leasehold improvements	53,027	52,508
Construction in progress	108,034	102,833
Subtotal	718,795	706,146
Less: accumulated depreciation	(374,846)	(356,143)
Total property, plant and equipment, net	<u>\$ 343,949</u>	<u>\$ 350,003</u>

**8. GOODWILL AND INTANGIBLE ASSETS**

Goodwill and intangible assets consisted of the following:

(In thousands)	Weighted Amortizable Life (Years)	Gross Carrying Amount	June 30, 2021 Accumulated Amortization	Net Carrying Amount
Goodwill		\$ 92,873	\$ —	\$ 92,873
Finite-lived intangible assets:				
Collaboration agreements	12	\$ 465,590	\$ (392,249)	\$ 73,341
Capitalized IP	11-13	118,160	(98,227)	19,933
Total		<u>\$ 583,750</u>	<u>\$ (490,476)</u>	<u>\$ 93,274</u>

Based on the Company's most recent analysis, amortization of intangible assets included within the Company's condensed consolidated balance sheet at June 30, 2021 is expected to be approximately \$40.0 million, \$35.0 million, \$35.0 million, \$1.0 million and less than \$0.1 million in the years ending December 31, 2021 through 2025, respectively. Given the assumptions and inherent risks and uncertainties underlying the Company's expectations regarding future revenues, the Company's actual results may vary significantly from such expectations. If revenues are projected to change, the related amortization of the intangible assets will change in proportion to the projected change in revenues.

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

**9. LEASES**

Future lease payments under non-cancelable leases at June 30, 2021 and December 31, 2020 consisted of the following:

(In thousands)	June 30, 2021	December 31, 2020
2021	\$ 8,793	\$ 16,882
2022	17,001	17,001
2023	17,266	17,266
2024	17,536	17,536
2025	17,810	17,810
Thereafter	109,002	109,311
Total operating lease payments	<u>\$ 187,408</u>	<u>\$ 195,806</u>
Less: imputed interest	<u>(59,897)</u>	<u>(60,610)</u>
Total operating lease liabilities	<u>\$ 127,511</u>	<u>\$ 135,196</u>

At June 30, 2021, the weighted average incremental borrowing rate and the weighted average remaining lease term for all operating leases held by the Company were 5.26% and 12.2 years, respectively. During the three and six months ended June 30, 2021, cash paid for lease liabilities was \$4.4 million and \$8.1 million, respectively, as compared to \$4.5 million and \$6.9 million, respectively, during the three and six months ended June 30, 2020. The Company recorded operating lease expense of \$4.4 million and \$8.6 million during the three and six months ended June 30, 2021, respectively, as compared to \$4.7 million and \$8.6 million during the three and six months ended June 30, 2020, respectively.

**10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of the following:

(In thousands)	June 30, 2021	December 31, 2020
Accounts payable	\$ 32,798	\$ 46,034
Accrued compensation	52,560	71,178
Accrued sales discounts, allowances and reserves	204,556	218,877
Accrued other	68,047	76,082
Total accounts payable and accrued expenses	<u>\$ 357,961</u>	<u>\$ 412,171</u>

**11. LONG-TERM DEBT**

Long-term debt consisted of the following:

(In thousands)	June 30, 2021	December 31, 2020
2026 Term Loans, due March 12, 2026	\$ 297,070	\$ —
2023 Term Loans, due March 26, 2023	—	274,961
Less: current portion	<u>(3,000)</u>	<u>(2,843)</u>
Long-term debt	<u>\$ 294,070</u>	<u>\$ 272,118</u>

In March 2021, the Company amended and refinanced its existing term loans, previously referred to as the 2023 Term Loans, in order to, among other things, provide for a new class of replacement term loans equal to \$300.0 million; extend the due date from March 26, 2023 to March 12, 2026; amend the interest payable from LIBOR plus 2.25% with no LIBOR floor to LIBOR plus 2.50% with a LIBOR floor of 0.50%; and increase covenant flexibility (such as refinancing, the “Term Loan Refinancing” and the 2023 Term Loans as so amended and refinanced the “2026 Term Loans”).

Under the 2026 Term Loans, the Company is subject to mandatory prepayments of principal if certain excess cash flow thresholds, as defined in the 2026 Term Loans, are met. To date, the Company has not been required to make any such mandatory prepayments. The 2026 Term Loans have an incremental facility capacity in the amount of

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

\$175.0 million plus potential additional amounts, as long as the Company meets certain conditions, including a specified leverage ratio. The 2026 Term Loans include a number of restrictive covenants that, among other things and subject to certain exceptions and baskets, impose operating and financial restrictions on the Company and certain of its subsidiaries. The 2026 Term Loans also contain customary affirmative covenants and events of default. At June 30, 2021, the Company was in compliance with its debt covenants under the 2026 Term Loans.

The Term Loan Refinancing involved multiple lenders who were considered members of a loan syndicate. In determining whether the Term Loan Refinancing should be accounted for as a debt extinguishment or a debt modification, the Company considered whether, prior to and following the Term Loan Refinancing, creditors remained the same or changed, and whether the changes in debt terms were substantial. A change in the debt terms was considered to be substantial if the present value of the remaining cash flows under the 2026 Term Loans were at least 10% different from the present value of the remaining cash flows under the 2023 Term Loans (commonly referred to as the “10% Test”). The Company performed a separate 10% Test for each individual creditor participating in the loan syndication. With the exception of three lenders with respective holdings ranging from 2%-7% of the total outstanding principal amount of the 2023 Term Loans immediately prior to the Term Loan Refinancing whose holding amounts were accounted for as a debt extinguishment, the Term Loan Refinancing was otherwise accounted for as a debt modification.

The Term Loan Refinancing resulted in a \$2.1 million charge in March 2021, which was included in “Interest expense” in the accompanying condensed consolidated statement of operations and comprehensive income (loss).

**12. SHARE-BASED COMPENSATION**

The following table presents share-based compensation expense included in the Company’s condensed consolidated statements of operations and comprehensive income (loss):

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of goods manufactured and sold	\$ 2,683	\$ 2,015	\$ 4,861	\$ 3,980
Research and development	7,131	6,478	11,194	12,638
Selling, general and administrative	17,738	14,353	26,948	26,041
Total share-based compensation expense	\$ 27,552	\$ 22,846	\$ 43,003	\$ 42,659

At June 30, 2021 and December 31, 2020, \$2.0 million and \$2.6 million, respectively, of share-based compensation expense was capitalized and recorded as “Inventory” in the accompanying condensed consolidated balance sheets.

On June 14, 2021, the Company’s shareholders approved amendments to the Alkermes plc 2018 Stock Option and Incentive Plan that served to, among other things, increase the number of ordinary shares authorized for issuance thereunder by 8,000,000.

**13. EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per ordinary share is calculated based upon net income (loss) available to holders of ordinary shares divided by the weighted average number of shares outstanding. For the calculation of diluted earnings (loss) per ordinary share, the Company uses the weighted average number of ordinary shares outstanding, as adjusted for the effect of potential outstanding shares, including stock options and restricted stock unit awards.

**ALKERMES PLC AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Unaudited) (Continued)**

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net income (loss)	\$ 2,364	\$ (29,431)	\$ (20,054)	\$ (68,085)
Denominator:				
Weighted average number of ordinary shares outstanding	160,817	158,895	160,229	158,495
Effect of dilutive securities:				
Stock options	461	—	—	—
Restricted stock units	2,659	—	—	—
Dilutive ordinary share equivalents	3,120	—	—	—
Shares used in calculating diluted earnings (loss) per share	163,937	158,895	160,229	158,495

The following potential ordinary share equivalents have not been included in the net earnings (loss) per ordinary share calculations because the effect would have been anti-dilutive:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Stock options	15,465	16,882	15,265	15,375
Restricted stock unit awards	596	4,683	3,189	4,226
Total	16,061	21,565	18,454	19,601

#### 14. COMMITMENTS AND CONTINGENT LIABILITIES

##### *Litigation*

From time to time, the Company may be subject to legal proceedings and claims in the ordinary course of business. On a quarterly basis, the Company reviews the status of each significant matter and assesses its potential financial exposure. If the potential loss from any claim, asserted or unasserted, or legal proceeding is considered probable and the amount can be reasonably estimated, the Company would accrue a liability for the estimated loss. Because of uncertainties related to claims and litigation, accruals are based on the Company's best estimates, utilizing all available information. On a periodic basis, as additional information becomes available, or based on specific events such as the outcome of litigation or settlement of claims, the Company may reassess the potential liability related to these matters and may revise these estimates, which could result in material adverse adjustments to the Company's operating results. At June 30, 2021, there were no potential material losses from claims, asserted or unasserted, or legal proceedings that the Company determined were probable of occurring.

##### **INVEGA SUSTENNA ANDA Litigation**

Janssen Pharmaceuticals NV and Janssen Pharmaceuticals, Inc. initiated patent infringement lawsuits in the U.S. District Court for the District of New Jersey (the "NJ District Court") in January 2018 against Teva Pharmaceuticals USA, Inc. ("Teva") and Teva Pharmaceuticals Industries, Ltd. ("Teva PI"), in August 2019 against Mylan Laboratories Limited ("Mylan Labs"), Mylan Pharmaceuticals Inc. ("Mylan"), and Mylan Institutional LLC and in December 2019 against Pharmascience, Inc. ("Pharmascience"), Mallinckrodt plc, and SpecGX LLC, following the respective filings by each of Teva, Mylan Labs, and Pharmascience of an Abbreviated New Drug Application ("ANDA") seeking approval from the FDA to market a generic version of INVEGA SUSTENNA before the expiration of U.S. Patent No. 9,439,906. In October 2020, a trial was held in the lawsuit between the Janssen entities and the Teva entities and closing arguments for such trial were heard in March 2021. Requested judicial remedies in each of the lawsuits include recovery of litigation costs and injunctive relief. The Company is not a party to any of these proceedings.

##### **INVEGA TRINZA ANDA Litigation**

In September 2020, Janssen Pharmaceuticals NV, Janssen Pharmaceuticals, Inc., and Janssen Research & Development, LLC, initiated a patent infringement lawsuit in the NJ District Court against Mylan Labs, Mylan, and Mylan Institutional LLC following the filing by Mylan Labs of an ANDA seeking approval from the FDA to market a generic version of INVEGA TRINZA before the expiration of U.S. Patent No. 10,143,693. Requested judicial remedies include recovery of litigation costs and injunctive relief. The Company is not a party to this proceeding.

**RISPERDAL CONSTA European Opposition Proceedings**

In December 2016, Nanjing Luye Pharmaceutical Co., Ltd., Pharmathen SA, Teva PI and Dehns Ltd (a law firm representing an unidentified opponent) filed notices of opposition with the European Patent Office (the “EPO”) in respect of EP 2 269 577 B (the “EP ’577 Patent”), which is a patent directed to certain risperidone microsphere compositions, including RISPERDAL CONSTA. Following a hearing on the matter in January 2019, the EPO issued a written decision revoking the EP ’577 Patent in April 2019. The Company filed a notice of appeal of the decision to the EPO’s Technical Boards of Appeal in June 2019. Pharmathen SA submitted a reply in November 2019 and Nanjing Luye Pharmaceutical Co., Ltd. and Teva PI submitted replies in December 2019. The Company will continue to vigorously defend the EP ’577 Patent.

**VIVITROL ANDA Litigation**

In September 2020, Alkermes, Inc. and Alkermes Pharma Ireland Limited filed a patent infringement lawsuit in the NJ District Court against Teva and Teva PI following the filing by Teva of an ANDA seeking approval from the FDA to engage in the commercial manufacture, use or sale of a generic version of VIVITROL (naltrexone for extended-release injectable suspension) before the expiration of the Company’s U.S. Patent No. 7,919,499. Teva filed its answer in November 2020, which included counterclaims against the Company. The Company filed its reply to Teva’s counterclaims in December 2020. The Company intends to vigorously defend its IP. The filing of the lawsuit triggered a stay of FDA approval of the ANDA for up to 30 months in accordance with the U.S. Drug Price Competition and Patent Term Restoration Act of 1984 (the “Hatch-Waxman Act”).

**VUMERITY ANDA Litigation**

On March 17, 2021, Biogen Inc., Biogen Swiss Manufacturing GmbH and Alkermes Pharma Ireland Limited filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware against Teva Pharmaceuticals Development Inc. (“Teva PD”) following the filing by Teva PD of an ANDA seeking approval from the FDA to engage in the commercial manufacture, use or sale of a generic version of VUMERITY (diroximel fumarate) before the expiration of the Company’s U.S. Patent Nos. 8,669,281, 9,090,558 and 10,080,733. The filing of the lawsuit triggered a stay of FDA approval of the ANDA for up to 30 months in accordance with the Hatch-Waxman Act. On May 17, 2021, Teva PD filed its answer and counterclaims, and on June 7, 2021, the plaintiffs filed their answer to Teva PD’s counterclaims.

**Government Matters**

The Company has received a subpoena and civil investigative demands from U.S. state and federal governmental authorities for documents related to VIVITROL. The Company is cooperating with the investigations.

**Securities Litigation**

In December 2018 and January 2019, purported stockholders of the Company filed putative class actions against the Company and certain of its officers in the U.S. District Court for the Eastern District of New York (the “EDNY District Court”) captioned *Karimian v. Alkermes plc, et al., No. 1:18-cv-07410* and *McDermott v. Alkermes plc, et al., No. 1:19-cv-00624*, respectively. In March 2019, the EDNY District Court consolidated the two cases and appointed a lead plaintiff. The plaintiff filed an amended complaint in July 2019 naming one additional officer of the Company and one former officer of the Company as defendants. The amended complaint was filed on behalf of a putative class of purchasers of Alkermes securities during the period of July 31, 2014 through November 1, 2018 and alleges violations of Sections 10(b) and 20(a) of the Exchange Act based on allegedly false or misleading statements and omissions regarding the Company’s clinical methodologies and regulatory submission for ALKS 5461 and the FDA’s review and consideration of that submission. The lawsuit seeks, among other things, unspecified money damages, prejudgment and postjudgment interest, reasonable attorneys’ fees, expert fees and other costs. On February 26, 2021, the EDNY District Court entered a final judgment and order dismissing the action in its entirety (the “Final Judgment and Order”). On March 26, 2021, the plaintiff filed a notice of appeal captioned *In re Alkermes Public Limited Co. Securities Litig., No. 21-801*, appealing the Final Judgment and Order to the United States Court of Appeals for the Second Circuit. On June 10, 2021, the lead plaintiff-appellant filed its opening brief, and on July 15, 2021, the defendants-appellees filed their answering brief.

**Product Liability and Other Legal Proceedings**

The Company is involved in litigation and other legal proceedings incidental to its normal business activities, including product liability cases alleging that the FDA-approved VIVITROL labeling was inadequate and caused the users of the product to suffer from opioid overdose and death. The Company intends to vigorously defend itself in these matters. The outcome of these proceedings cannot be accurately predicted. While the outcome of any of these proceedings cannot be accurately predicted, the Company does not believe the ultimate resolution of any of these existing matters would have a material adverse effect on the Company's business or financial condition.



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

The following discussion should be read in conjunction with our condensed consolidated financial statements and related notes beginning on page 6 in this Form 10-Q, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the audited financial statements and notes thereto included in our Annual Report.

### Executive Summary

Net income (loss) for the three and six months ended June 30, 2021 was \$2.4 million and \$(20.1) million, respectively, or \$0.01 and \$(0.13) per ordinary share—basic and diluted, respectively, as compared to a net (loss) of \$(29.4) million and \$(68.1) million, respectively, or \$(0.19) and \$(0.43) per ordinary share—basic and diluted, respectively, for the three and six months ended June 30, 2020.

The change to net income in the three months ended June 30, 2021, from net loss in the three months ended June 30, 2020 was primarily due to a \$56.2 million increase in revenue, partially offset by an \$18.1 million increase in operating expenses. The decrease in net loss in the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, was primarily due to a \$61.4 million increase in revenue, partially offset by a \$2.4 million increase in operating expenses and a \$2.1 million charge that resulted from the completion of the Term Loan Refinancing in March 2021.

These items are discussed in greater detail later in the “Results of Operations” section in this “Part I, Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Form 10-Q.

### COVID-19 Update

In March 2020, COVID-19 was declared a global pandemic by the World Health Organization. To date, COVID-19 has surfaced in nearly all regions around the world and resulted in travel restrictions and business slowdowns and/or shutdowns in affected areas. Ireland, all U.S. states, and many local jurisdictions and countries around the world have, at times during the pandemic, issued “shelter-in-place” orders, quarantines, executive orders and similar government orders, restrictions, and recommendations for their residents to control the spread of COVID-19, and may continue to do so while the pandemic persists. Such orders, restrictions and/or recommendations, and/or the perception that additional orders, restrictions or recommendations could occur, have, at times during the pandemic, resulted in widespread closures of businesses, including healthcare systems that serve people living with addiction and serious mental illness, work stoppages, slowdowns and/or delays, work-from-home policies and travel restrictions, among other effects.

We continue to closely monitor and respond to the ongoing impact of COVID-19 on our employees, our communities and our business operations, and have adopted, and adapted as needed, a series of precautionary measures in an effort to protect our employees and mitigate the potential spread of COVID-19 in a community setting. For example, at the start of the pandemic, we instituted a global remote work policy for those of our employees who were able to work remotely. At the same time, we worked to continue our critical business functions, including continued operation of our manufacturing facilities and our laboratories, and continued to conduct our discovery efforts and supply our medicines. For those of our employees who continued to work on-site in our laboratories and manufacturing facilities, we instituted additional safety precautions, including increased sanitization of our facilities, use of personal protective equipment, implementation of a daily health screening application and physical distancing practices. We also provided employees with COVID-19 vaccine information and sponsored vaccine clinics in Massachusetts and Ohio for our employees and their families. We also took actions to support people living with opioid dependence, alcohol dependence, schizophrenia and bipolar I disorder to help support their access to information, resources and medicines that may assist in their treatment.

In recent months, certain of our field-based employees resumed in-person interactions, and certain of our office-based employees began to return to the office, in each case on a voluntary basis and in accordance with location-specific guidance. We are planning for a larger-scale return to the office in the fall and have developed flexible work arrangement guidelines to help balance business needs, employee health, wellbeing and safety and the evolving work environment. We will continue to monitor guidance from local health authorities as we increase in-person interactions.

The marketed products from which we derive revenue, including manufacturing and royalty revenue, are primarily injectable medications administered by healthcare professionals. Given developments that have transpired to date, and

may continue to transpire, in response to the pandemic, including business closures, social distancing requirements and other restrictive measures, commercial sales of these marketed products have been adversely impacted to varying degrees during the pandemic and may be adversely impacted while the pandemic persists.

While we continue to conduct R&D activities, including our ongoing clinical trials, the COVID-19 pandemic has at times impacted the timelines of certain of our early-stage discovery efforts and clinical trials, and may continue to impact such timelines while the pandemic persists. We work with our internal teams, our clinical investigators, R&D vendors and critical supply chain vendors to continually assess, and mitigate, the potential impact of COVID-19 on our manufacturing operations and R&D activities.

Due to numerous uncertainties surrounding the ongoing COVID-19 pandemic, the actual impact of the pandemic on our financial condition and operating results may differ from our current projections. These uncertainties include, among other things, the ultimate severity and duration of the pandemic; the emergence and prevalence of COVID-19 variants; governmental, business or other actions that have been, are being, or will be, taken in response to the pandemic, including restrictions on travel and mobility, business closures and operating restrictions and imposition of social distancing measures; impacts of the pandemic on our employees, the vendors or distribution channels in our supply chain and on our ability to continue to manufacture our products; impacts of the pandemic on the conduct of our clinical trials, including with respect to enrollment rates, availability of investigators and clinical trial sites, and monitoring of data; impacts of the pandemic on healthcare systems that serve people living with addiction and severe mental illness; impacts of the pandemic on the regulatory agencies with which we interact in the development, review, approval and commercialization of our medicines; impacts of the pandemic on reimbursement for our products, including our Medicaid rebate liability, and for services related to the use of our products; and impacts of the pandemic on the Irish, U.S. and global economies more broadly. For additional information about risks and uncertainties related to the COVID-19 pandemic that may impact our business, our financial condition or our results of operations, see “Part I, Item 1A—Risk Factors” in our Annual Report.

## **Products**

### Marketed Products

Our portfolio of marketed products is designed to help address unmet medical needs of patients in major therapeutic areas. See the descriptions of the marketed products below, and see “Part I, Item 1A—Risk Factors” in our Annual Report for important factors that could adversely affect our marketed products. For information with respect to the IP protection for these marketed products, see the descriptions of the marketed products below and the “Patents and Proprietary Rights” section in “Part I, Item 1—Business” in our Annual Report.

The following table provides summary information regarding our FDA-approved proprietary products that we commercialize (or will commercialize upon launch):

**Proprietary Products**

Product	Indication(s)	Territory
<p><b>ARISTADA INITIO<sup>®</sup></b> aripiprazole lauroxil extended-release injectable suspension</p> <p>675 mg</p>	<p>Initiation or re-initiation of ARISTADA for the treatment of Schizophrenia</p>	<p>U.S.</p>
<p>+</p> <p><b>ARISTADA<sup>®</sup></b>  aripiprazole lauroxil extended-release injectable suspension</p> <p>441 mg 662 mg 882 mg 1064 mg</p>	<p>Schizophrenia</p>	<p>U.S.</p>
<p> <b>LYBALVI<sup>™</sup></b> olanzapine and samidorphan 5mg/10mg-10mg/10mg-15mg/10mg-20mg/10mg tablets</p>	<p>Schizophrenia and Bipolar I disorder</p>	<p>U.S. (commercial launch expected in the fourth quarter of 2021)</p>
<p><b>Vivitrol<sup>®</sup></b> (naltrexone for extended-release injectable suspension) 380 mg/vial</p>	<p>Alcohol dependence and Opioid dependence</p>	<p>U.S.</p>

The following table provides summary information regarding our key licensed products, and key third-party products using our proprietary technologies under license, that are commercialized by our licensees:

**Third-Party Products Using Our Proprietary Technologies**

<b>Product</b>	<b>Indication(s)</b>	<b>Licensee</b>	<b>Licensed Territory</b>
<b>RISPERDAL CONSTA</b>	Schizophrenia and Bipolar I disorder	Janssen Pharmaceutica Inc. (“Janssen, Inc.”) and Janssen Pharmaceutica International, a division of Cilag International AG (“Janssen International”)	Worldwide
<b>INVEGA SUSTENNA / XEPLION</b>	<b>INVEGA SUSTENNA:</b> Schizophrenia and Schizoaffective disorder  <b>XEPLION:</b> Schizophrenia	Janssen Pharmaceutica N.V. (together with Janssen, Inc., Janssen International and their affiliates “Janssen”)	Worldwide
<b>INVEGA TRINZA / TREVICTA</b>	Schizophrenia	Janssen	Worldwide

**Our Licensed Products**

<b>Product</b>	<b>Indication(s)</b>	<b>Licensee</b>	<b>Licensed Territory</b>
<b>VIVITROL</b>	Alcohol dependence and Opioid dependence	Cilag GmbH International (“Cilag”)	Russia and Commonwealth of Independent States (“CIS”)
<b>VUMERITY</b>	Multiple sclerosis	Biogen	Worldwide

*Proprietary Products*

We have developed and now commercialize (or will commercialize upon launch) products designed to help address the unmet needs of people living with opioid dependence, alcohol dependence, schizophrenia and bipolar I disorder. See the “Patents and Proprietary Rights” section in “Part I, Item 1—Business” in our Annual Report for information with respect to the IP protection for our proprietary products.

## **ARISTADA**

ARISTADA (aripiprazole lauroxil) is an extended-release intramuscular injectable suspension approved in the U.S. for the treatment of schizophrenia. ARISTADA utilizes our proprietary LinkeRx technology. ARISTADA is a prodrug; once in the body, ARISTADA is likely converted by enzyme-mediated hydrolysis to N-hydroxymethyl aripiprazole, which is then hydrolyzed to aripiprazole. ARISTADA is available in four dose strengths with once-monthly dosing options (441 mg, 662 mg and 882 mg), a six-week dosing option (882 mg) and a two-month dosing option (1064 mg). ARISTADA is packaged in a ready-to-use, pre-filled syringe product format. We developed ARISTADA and exclusively manufacture and commercialize it in the U.S.

## **ARISTADA INITIO**

ARISTADA INITIO (aripiprazole lauroxil) leverages our proprietary NanoCrystal technology and provides an extended-release formulation of aripiprazole lauroxil in a smaller particle size compared to ARISTADA, thereby enabling faster dissolution and more rapid achievement of relevant levels of aripiprazole in the body. ARISTADA INITIO, combined with a single 30 mg dose of oral aripiprazole, is indicated for the initiation of ARISTADA when used for the treatment of schizophrenia in adults. The first ARISTADA dose may be administered on the same day as the ARISTADA INITIO regimen or up to 10 days thereafter. We developed ARISTADA INITIO and exclusively manufacture and commercialize it in the U.S.

## **LYBALVI**

LYBALVI (olanzapine and samidorphan) is a once-daily, oral atypical antipsychotic drug approved in the U.S. for the treatment of adults with schizophrenia and for the treatment of adults with bipolar I disorder, as a maintenance monotherapy or for the acute treatment of manic or mixed episodes, as monotherapy or an adjunct to lithium or valproate. LYBALVI is composed of olanzapine, an established antipsychotic agent, co-formulated with samidorphan, a new chemical entity, in a single bilayer tablet. LYBALVI, expected to launch commercially in the fourth quarter of 2021, will be available in fixed dosage strengths composed of 10 mg of samidorphan and 5 mg, 10 mg, 15 mg or 20 mg of olanzapine. We developed LYBALVI and will exclusively manufacture and commercialize it in the U.S.

## **VIVITROL (U.S.)**

VIVITROL (naltrexone for extended-release injectable suspension) is a once-monthly, non-narcotic, injectable medication approved in the U.S., Russia and certain countries of the CIS for the treatment of alcohol dependence and for the prevention of relapse to opioid dependence, following opioid detoxification. VIVITROL uses our polymer-based microsphere injectable extended-release technology to deliver and maintain therapeutic medication levels in the body through one intramuscular injection every four weeks. We developed and exclusively manufacture VIVITROL and we commercialize VIVITROL in the U.S.

For a discussion of legal proceedings related to VIVITROL, see Note 14, *Commitments and Contingent Liabilities* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q, and for information about risks relating to such legal proceedings, see “Part I, Item 1A—Risk Factors” in our Annual Report and specifically the sections entitled “—Patent and other IP protection for our products is key to our business and our competitive position but is uncertain,” “—Uncertainty over IP in the biopharmaceutical industry has been the source of litigation, which is inherently costly and unpredictable, could significantly delay or prevent approval or negatively impact commercialization of our products, and could adversely affect our business” and “—Litigation or arbitration filed against Alkermes, including securities litigation, or regulatory actions (such as citizens petitions) filed against regulatory agencies in respect of our products, may result in financial losses, harm our reputation, divert management resources, negatively impact the approval of our products, or otherwise negatively impact our business.”

### *Licensed Products and Products Using Our Proprietary Technologies*

We have licensed products to third parties for commercialization and have licensed our proprietary technologies to third parties to enable them to develop, commercialize and/or manufacture products. See the “Proprietary Technology Platforms” and “Patents and Proprietary Rights” sections in “Part I, Item 1—Business” in our Annual Report for information with respect to our proprietary technologies and the IP protection for these products. We receive royalties and/or manufacturing and other revenues from the commercialization of these products. Such arrangements include the following:

**INVEGA SUSTENNA/XEPLION, INVEGA TRINZA/TREVICTA and RISPERDAL CONSTA**

INVEGA SUSTENNA/XEPLION (paliperidone palmitate), INVEGA TRINZA/TREVICTA (paliperidone palmitate 3-month injection) and RISPERDAL CONSTA (risperidone long-acting injection) are long-acting atypical antipsychotics owned and commercialized worldwide by Janssen that incorporate our proprietary technologies.

INVEGA SUSTENNA is approved in the U.S. for the treatment of schizophrenia and for the treatment of schizoaffective disorder as either a monotherapy or adjunctive therapy. Paliperidone palmitate extended-release injectable suspension is approved in the European Union (“EU”) and other countries outside of the U.S. for the treatment of schizophrenia and is marketed and sold under the trade name XEPLION. INVEGA SUSTENNA/XEPLION uses our nanoparticle injectable extended-release technology to increase the rate of dissolution and enable the formulation of an aqueous suspension for once-monthly intramuscular administration. INVEGA SUSTENNA/XEPLION is manufactured by Janssen.

INVEGA TRINZA is approved in the U.S. for the treatment of schizophrenia in patients who have been adequately treated with INVEGA SUSTENNA for at least four months. TREVICTA is approved in the EU for the maintenance treatment of schizophrenia in adult patients who are clinically stable on XEPLION. INVEGA TRINZA/TREVICTA is dosed once every three months. INVEGA TRINZA/TREVICTA uses our proprietary technology and is manufactured by Janssen.

RISPERDAL CONSTA is approved in the U.S. for the treatment of schizophrenia and as both monotherapy and adjunctive therapy to lithium or valproate in the maintenance treatment of bipolar I disorder. RISPERDAL CONSTA is approved in numerous countries outside of the U.S. for the treatment of schizophrenia and the maintenance treatment of bipolar I disorder. RISPERDAL CONSTA uses our polymer-based microsphere injectable extended-release technology to deliver and maintain therapeutic medication levels in the body through just one intramuscular injection every two weeks. RISPERDAL CONSTA microspheres are exclusively manufactured by us.

For a discussion of legal proceedings related to certain of the patents covering INVEGA SUSTENNA, INVEGA TRINZA and RISPERDAL CONSTA, see Note 14, *Commitments and Contingent Liabilities* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q and for information about risks relating to such legal proceedings, see “Part I, Item 1A—Risk Factors” in our Annual Report and specifically the section entitled “—We or our licensees may face claims against IP rights covering our products and competition from generic drug manufacturers.”

*Our Licensed Products*

**VIVITROL (Russia and CIS)**

VIVITROL is described more fully under the heading “Proprietary Products” above in this Form 10-Q. We developed and exclusively manufacture VIVITROL for Cilag. Cilag exclusively commercializes VIVITROL in Russia and certain countries of the CIS.

**VUMERITY**

VUMERITY (diroximel fumarate) is a novel, oral fumarate with a distinct chemical structure that is approved in the U.S. for the treatment of relapsing forms of multiple sclerosis in adults, including clinically isolated syndrome, relapsing-remitting disease and active secondary progressive disease.

Under our license and collaboration agreement with Biogen, Biogen holds the exclusive, worldwide license to develop and commercialize VUMERITY. For more information about the license and collaboration agreement with Biogen, see the “Collaborative Arrangements—Biogen” section in “Part I, Item 1—Business” in our Annual Report.

For a discussion of legal proceedings related to certain of the patents covering VUMERITY, see Note 14, *Commitments and Contingent Liabilities* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q and for information about risks relating to such legal proceedings, see “Part I, Item 1A—Risk Factors” in our

Annual Report and specifically the section entitled “—We or our licensees may face claims against IP rights covering our products and competition from generic drug manufacturers.”

### Key Development Program

Our R&D is focused on the development of novel, competitively advantaged medications designed to enhance patient outcomes. As part of our ongoing R&D efforts, we have devoted, and will continue to devote, significant resources to conducting preclinical work and clinical studies to advance the development of new pharmaceutical products. The discussion below highlights our current key R&D program. Drug development involves a high degree of risk and investment, and the status, timing and scope of our development programs are subject to change. Important factors that could adversely affect our drug development efforts are discussed in “Part I, Item 1A—Risk Factors” in our Annual Report. See the “Patents and Proprietary Rights” section in “Part I, Item 1—Business” in our Annual Report for information with respect to the IP protection for our key development program.

#### ***Nemvaleukin alfa (formerly referred to as ALKS 4230)***

Nemvaleukin alfa (“nemvaleukin”) is an investigational, novel, engineered fusion protein comprised of modified interleukin-2 (“IL-2”) and the high affinity IL-2 alpha receptor chain, designed to selectively expand tumor-killing immune cells while avoiding the activation of immunosuppressive cells by preferentially binding to the intermediate-affinity IL-2 receptor complex. The selectivity of nemvaleukin is designed to leverage the proven anti-tumor effects of existing IL-2 therapy while mitigating certain limitations.

ARTISTRY is our clinical development program evaluating nemvaleukin as a potential immunotherapy for cancer. The ARTISTRY program is comprised of multiple clinical trials evaluating intravenous (“IV”) and subcutaneous (“SC”) dosing of nemvaleukin, both as a monotherapy and in combination with the anti-PD-1 therapy KEYTRUDA® (pembrolizumab) in patients with advanced solid tumors. ARTISTRY-1 (evaluating IV nemvaleukin) and ARTISTRY-2 (evaluating SC nemvaleukin) are ongoing phase 1/2 studies evaluating the safety, tolerability, efficacy and pharmacokinetic and pharmacodynamic effects of nemvaleukin in patients with refractory advanced solid tumors, in both monotherapy and combination settings. ARTISTRY-3 is an ongoing phase 2 study evaluating the clinical and immunologic effects of IV nemvaleukin monotherapy on the tumor microenvironment in a variety of advanced, malignant solid tumors. ARTISTRY-6, initiated in April 2021, is a phase 2 study evaluating the anti-tumor activity, safety and tolerability of IV nemvaleukin monotherapy in patients with mucosal melanoma and SC nemvaleukin monotherapy in patients with advanced cutaneous melanoma.

### **Results of Operations**

#### *Product Sales, Net*

Our product sales, net, consist of sales of VIVITROL, ARISTADA and ARISTADA INITIO in the U.S., primarily to wholesalers, specialty distributors and pharmacies. The following table presents the adjustments deducted from product sales, gross to arrive at product sales, net, for sales of VIVITROL, ARISTADA and ARISTADA INITIO in the U.S. during the three and six months ended June 30, 2021 and 2020:

(In millions, except for % of Sales)	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	% of Sales	2020	% of Sales	2021	% of Sales	2020	% of Sales
Product sales, gross	\$ 343.5	100.0 %	\$ 259.0	100.0 %	\$ 616.1	100.0 %	\$ 519.2	100.0 %
Adjustments to product sales, gross:								
Medicaid rebates	(88.1)	(25.6) %	(65.4)	(25.3) %	(159.0)	(25.8) %	(127.3)	(24.5) %
Chargebacks	(33.7)	(9.8) %	(20.7)	(8.0) %	(58.7)	(9.5) %	(43.3)	(8.3) %
Product discounts	(28.4)	(8.3) %	(20.6)	(8.0) %	(49.8)	(8.1) %	(40.8)	(7.9) %
Medicare Part D	(16.8)	(4.9) %	(13.4)	(5.2) %	(29.9)	(4.9) %	(25.7)	(5.0) %
Other	(15.7)	(4.6) %	(8.5)	(3.3) %	(27.9)	(4.5) %	(22.0)	(4.2) %
Total adjustments	(182.7)	(53.2) %	(128.6)	(49.7) %	(325.3)	(52.8) %	(259.1)	(49.9) %
Product sales, net	\$ 160.8	46.8 %	\$ 130.4	50.3 %	\$ 290.8	47.2 %	\$ 260.1	50.1 %

Our product sales, net, for VIVITROL in the three and six months ended June 30, 2021 were \$88.4 million and \$163.0 million, respectively, as compared to \$71.6 million and \$150.4 million in the three and six months ended June 30, 2020, respectively. Product sales, net, for ARISTADA and ARISTADA INITIO in the three and six months ended June 30, 2021 were \$72.4 million and \$127.8 million, respectively, as compared to \$58.8 million and \$109.7 million in the three and six months ended June 30, 2020, respectively.

VIVITROL product sales, gross, increased by 37% and 17% in the three and six months ended June 30, 2021, respectively, as compared to the three and six months ended June 30, 2020, primarily due to a 29% and 10% increase in the number of VIVITROL units sold, respectively, due, in part, to an improvement from the significant COVID-19-related disruptions in the second quarter of 2020 and a 2% increase in the selling price of VIVITROL that went into effect in April 2021. ARISTADA and ARISTADA INITIO product sales, gross, increased by 28% and 21% in the three and six months ended June 30, 2021, respectively, as compared to the three and six months ended June 30, 2020, primarily due to a 24% and 15% increase in the number of ARISTADA and ARISTADA INITIO units sold, respectively, and a 3% increase in the selling price of ARISTADA and ARISTADA INITIO that went into effect in April 2021.

#### Manufacturing and Royalty Revenues

The following table compares manufacturing and royalty revenues earned in the three and six months ended June 30, 2021 and 2020:

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
<b>Manufacturing and royalty revenues:</b>						
INVEGA SUSTENNA/XEPLION & INVEGA TRINZA/TREVICTA	\$ 81.0	\$ 69.4	\$ 11.6	\$ 142.6	\$ 124.3	\$ 18.3
VUMERITY	20.4	2.6	17.8	33.8	4.3	29.5
RISPERDAL CONSTA	14.4	13.7	0.7	28.6	41.0	(12.4)
AMPYRA/FAMPYRA	13.3	12.5	0.8	28.0	27.5	0.5
Other	13.2	18.3	(5.1)	29.1	35.7	(6.6)
Manufacturing and royalty revenues	<u>\$ 142.3</u>	<u>\$ 116.5</u>	<u>\$ 25.8</u>	<u>\$ 262.1</u>	<u>\$ 232.8</u>	<u>\$ 29.3</u>

We earn tiered royalty payments for INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA, which consist of a patent royalty and a know-how royalty, both of which are determined on a country-by-country basis. The patent royalty, which equals 1.5% of net sales, is payable in each country until the expiration of the last of the royalty-bearing patents with valid claims applicable to the product in such country. The know-how royalty is a tiered royalty of 3.5% on calendar year net sales up to \$250 million; 5.5% on calendar year net sales of between \$250 million and \$500 million; and 7.5% on calendar year net sales exceeding \$500 million. The know-how royalty rate resets to 3.5% at the beginning of each calendar year and is payable until 15 years from the first commercial sale of a product in each individual country, subject to the expiry of the license agreement.

The increase in INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA royalty revenues in the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, was primarily due to an increase in Janssen's end-market sales of INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA. During the three and six months ended June 30, 2021, Janssen's end-market sales of INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA were \$1,024.0 million and \$1,989.0 million, respectively, as compared to \$879.0 million and \$1,762.0 million, respectively, during the three and six months ended June 30, 2020.

We recognize manufacturing revenue for RISPERDAL CONSTA at the point in time when RISPERDAL CONSTA has been fully manufactured, which is deemed to have occurred when the product is approved for shipment by both us and Janssen. We record royalty revenue, equal to 2.5% of Janssen's end-market net sales, in the period that the end-market sale of RISPERDAL CONSTA occurs. The decrease in revenue from RISPERDAL CONSTA in the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, was due to an \$11.1 million decrease in manufacturing revenue and a \$1.3 million decrease in royalty revenue. The decrease in manufacturing revenue was primarily due to a 48% decrease in the amount of RISPERDAL CONSTA manufactured for Janssen, partially offset by an increase in our manufacturing fee from 7.5% to 8.6% pursuant to the terms of our manufacturing and supply agreement with Janssen due to a decrease in forecasted manufacturing units. The decrease in royalty revenue was due to



a decrease in end-market sales of RISPERDAL CONSTA, which was \$312.0 million during the six months ended June 30, 2021, as compared to \$323.0 million during the six months ended June 30, 2020.

We expect revenues from our long-acting, atypical franchise to decrease over time. While we expect continued growth from sales of INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA in the near term, we are aware of potential generic competition for RISPERDAL CONSTA that may lead to reduced unit sales and increased pricing pressure in 2021. We are also aware of generic challenges to INVEGA SUSTENNA/XEPLION and INVEGA TRINZA/TREVICTA. For a discussion of legal proceedings related to RISPERDAL CONSTA, INVEGA SUSTENNA and INVEGA TRINZA, see Note 14, *Commitments and Contingent Liabilities* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q. In addition, a number of companies, including us, are working to develop new products to treat schizophrenia and/or bipolar disorder that may compete with INVEGA SUSTENNA/XEPLION, INVEGA TRINZA/TREVICTA and RISPERDAL CONSTA. Increased competition from new products or generic versions of INVEGA SUSTENNA/XEPLION, INVEGA TRINZA/TREVICTA or RISPERDAL CONSTA may lead to reduced unit sales of INVEGA SUSTENNA/XEPLION, INVEGA TRINZA/TREVICTA and RISPERDAL CONSTA, and increased pricing pressure.

We recognize manufacturing revenue related to VUMERITY at cost plus 15%, upon release for bulk batches of VUMERITY and upon shipment for packaged lots of VUMERITY. We also receive a 15% royalty on worldwide net sales of VUMERITY. The increase in revenue from VUMERITY in the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, was due to a \$12.4 million and \$23.0 million increase in royalty revenue, respectively, and a \$5.4 million and \$6.5 million increase in manufacturing revenue, respectively. The increases in royalty revenue were due to increases in net sales of VUMERITY, which were approximately \$90.8 million and \$164.1 million during the three and six months ended June 30, 2021, respectively, as compared to approximately \$8.6 million and \$11.0 million during the three and six months ended June 30, 2020, respectively. The increases in manufacturing revenue during the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, were primarily the result of increased manufacturing activity to satisfy increased demand for the product. For a discussion of legal proceedings related to VUMERITY, see Note 14, *Commitments and Contingent Liabilities* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q.

## Costs and Expenses

### Cost of Goods Manufactured and Sold

(In millions)	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2021	2020		2021	2020	
Cost of goods manufactured and sold	\$ 53.1	\$ 45.1	\$ 8.0	\$ 94.1	\$ 92.3	\$ 1.8

The increase in cost of goods manufactured and sold in the three months ended June 30, 2021, as compared to the three months ended June 30, 2020, was primarily due to \$4.4 million and \$2.6 million increases in the cost of goods manufactured for VUMERITY and RISPERDAL CONSTA, respectively, and a \$1.5 million increase in the cost of goods sold for VIVITROL, related to increases in the number of units manufactured for VUMERITY and RISPERDAL CONSTA and the number of units sold for VIVITROL, as discussed above.

The increase in the cost of goods manufactured and sold in the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, was primarily due to a \$5.8 million increase in cost of goods manufactured for VUMERITY, partially offset by a \$2.5 million decrease in the cost of goods manufactured for RISPERDAL CONSTA. The increase in the cost of goods manufactured for VUMERITY is related to an increase in the number of units manufactured for VUMERITY and the decrease in the cost of goods manufactured for RISPERDAL CONSTA is related to the decrease in the number of units manufactured, as discussed above.

## Research and Development Expense

For each of our R&D programs, we incur both external and internal expenses. External R&D expenses include fees for clinical and non-clinical activities performed by contract research organizations, consulting fees, and costs related to laboratory services, the purchase of drug product materials and third-party manufacturing development activities. Internal R&D expenses include employee-related expenses, occupancy costs, depreciation and general overhead. We track external R&D expenses for each of our development programs; however, internal R&D expenses are not tracked by individual program as they can benefit multiple programs or our technologies in general.

The following table sets forth our external R&D expenses for the three and six months ended June 30, 2021 and 2020 relating to our then current key development programs and all other development programs, and our internal R&D expenses, listed by the nature of such expenses:

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
<b>External R&amp;D Expenses:</b>						
Development programs:						
nemvaleukin	\$ 22.7	\$ 17.4	\$ 5.3	\$ 41.3	\$ 29.7	\$ 11.6
LYBALVI	7.7	4.7	3.0	14.5	12.8	1.7
Other external R&D expenses	15.0	19.0	(4.0)	30.4	37.2	(6.8)
Total external R&D expenses	45.4	41.1	4.3	86.2	79.7	6.5
<b>Internal R&amp;D expenses:</b>						
Employee-related	38.9	40.0	(1.1)	76.8	80.7	(3.9)
Occupancy	5.0	5.2	(0.2)	9.8	10.0	(0.2)
Depreciation	2.9	3.7	(0.8)	6.3	7.4	(1.1)
Other	5.2	4.2	1.0	10.6	9.7	0.9
Total internal R&D expenses	52.0	53.1	(1.1)	103.5	107.8	(4.3)
Research and development expenses	\$ 97.4	\$ 94.2	\$ 3.2	\$ 189.7	\$ 187.5	\$ 2.2

These amounts are not necessarily predictive of future R&D expenses. In an effort to allocate our spending most effectively, we continually evaluate our products under development, based on the performance of such products in pre-clinical and/or clinical trials, our expectations regarding the likelihood of their regulatory approval and our view of their commercial viability, among other factors.

The increases in expenses related to nemvaleukin in the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, were primarily due to the advancement of the ARTISTRY development program for the product, including increased patient enrollment in ongoing clinical studies and initiation of the ARTISTRY-6 study. For additional details on the status of the ARTISTRY development program, see the “Key Development Program” section of this “Part I, Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Form 10-Q. The increases in expenses related to LYBALVI in the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, were primarily due to the ongoing long-term safety study and increased enrollment in the ENLIGHTEN-Early study.

The decrease in employee-related expenses in the three months ended June 30, 2021 as compared to the three months ended June 30, 2020, was primarily due to a \$2.8 million decrease in labor and benefits, partially offset by a \$1.0 million increase in R&D-related share-based compensation. The decrease in employee-related expenses in the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, was primarily due to a \$2.7 million decrease in labor and benefits and a \$1.4 million decrease in R&D-related share-based compensation.

## Selling, General and Administrative Expense

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
Selling and marketing expense	\$ 85.7	\$ 82.9	\$ 2.8	\$ 165.4	\$ 170.7	\$ (5.3)
General and administrative expense	53.5	49.1	4.4	99.0	94.7	4.3
Selling, general and administrative expense	\$ 139.2	\$ 132.0	\$ 7.2	\$ 264.4	\$ 265.4	\$ (1.0)

The increase in selling and marketing expense in the three months ended June 30, 2021, as compared to the three months ended June 30, 2020, was primarily due to a \$1.0 million increase in marketing expense, a \$0.6 million increase in professional service fees and a \$0.4 million increase in employee-related expenses. The increases in marketing expense and professional service fees were primarily related to pre-launch commercial activities for LYBALVI. The increase in employee-related expenses was primarily related to increases in share-based compensation expense, travel and entertainment expense following the loosening of COVID-19-related restrictions and benefits expense as a result of changes to payroll taxes, partially offset by a decrease in salary expense resulting from a 6% reduction in selling and marketing headcount from June 30, 2020 to June 30, 2021.

The decrease in selling and marketing expense during the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, was primarily due to a \$5.2 million decrease in employee-related expenses and a \$3.7 million decrease in marketing expense, partially offset by a \$2.5 million increase in professional service fees. The decrease in employee-related expenses was primarily due to a decrease in selling and marketing-related labor and share-based compensation expense as a result of a decrease in selling and marketing headcount, as described above. The decrease in marketing expense was primarily due to a reduction in the number of in-person speaker programs and speaker trainings and a reduction in spend related to conferences, primarily due to the impacts of the COVID-19 pandemic in the first quarter of 2021 and certain targeted expense reductions. The increase in professional service fees was primarily related to pre-launch commercial activities for LYBALVI.

The increases in general and administrative expense during the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, were primarily due to a \$3.5 million and \$2.3 million increase in employee-related expenses, respectively, and a \$1.7 million and \$3.9 million increase in professional service fees, respectively. The increases in employee-related expense were primarily related to a \$2.7 million and \$1.5 million increase in general and administrative-related share-based compensation expense, respectively. The increases in professional service fees were primarily related to increased spend on legal fees.

#### Amortization of Acquired Intangible Assets

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
Amortization of acquired intangible assets	\$ 9.5	\$ 9.9	\$ (0.4)	\$ 18.9	\$ 19.6	\$ (0.7)

We amortize our amortizable intangible assets using the economic-use method, which reflects the pattern that the economic benefits of the intangible assets are consumed as revenue is generated from the underlying patent or contract. Based on our most recent analysis, amortization of intangible assets included within our consolidated balance sheet at June 30, 2021 is expected to be approximately \$40.0 million, \$35.0 million, \$35.0 million, \$1.0 million and less than \$0.1 million in the years ending December 31, 2021 through 2025, respectively.

#### Other Income (Expense), Net

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
Interest income	\$ 0.6	\$ 1.8	\$ (1.2)	\$ 1.5	\$ 4.5	\$ (3.0)
Interest expense	(2.4)	(2.1)	(0.3)	(6.4)	(5.0)	(1.4)
Change in the fair value of contingent consideration	3.2	5.9	(2.7)	4.5	12.7	(8.2)
Other (expense) income, net	(0.2)	2.3	(2.5)	(0.6)	1.7	(2.3)
Total other income (expense), net	\$ 1.2	\$ 7.9	\$ (6.7)	\$ (1.0)	\$ 13.9	\$ (14.9)

The decreases in interest income during the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, were primarily due to a decrease in interest rates. Interest income consists of interest earned on our available-for-sale investments.

The increases in interest expense during the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, were due to the Term Loan Refinancing completed in March 2021. The Term Loan Refinancing resulted in a charge of \$2.1 million in March 2021, partially offset by a decrease in interest rates. The Term

Loan Refinancing is discussed in greater detail in Note 11, *Long-Term Debt* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q.

The change in the fair value of contingent consideration in the three and six months ended June 30, 2021, as compared to the three and six months ended June 30, 2020, were primarily due to the decrease in the risk of non-payment. In Baudax’s Quarterly Report on Form 10-Q for the period ended March 31, 2021, Baudax included disclosures regarding its ability to continue as a going concern. As a result of this disclosure, we altered the model used to determine the fair value of the contingent consideration. The valuation approach used to determine the fair value of the contingent consideration is discussed in greater detail in Note 5, *Fair Value Measurements*, in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q.

#### Income Tax Provision

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Change	2021	2020	Change
Income tax provision	3.3	3.7	\$ (0.4)	7.1	11.0	\$ (3.9)

The income tax provision in the three months ended June 30, 2021 and 2020 primarily related to U.S. federal and state taxes. The favorable change in the income tax provision in the three months ended June 30, 2021, as compared to the three months ended June 30, 2020, was primarily due to a decrease in income taxes for our U.S. business.

The income tax provision in the six months ended June 30, 2021 primarily related to a \$6.6 million discrete tax expense related to employee equity activity during the period. The income tax provision in the six months ended June 30, 2020 primarily related to a \$4.6 million tax expense on income earned in the U.S. and a \$6.2 million discrete tax expense related to employee equity activity during the period.

#### Liquidity and Financial Condition

Our financial condition is summarized as follows:

(In millions)	June 30, 2021			December 31, 2020		
	U.S.	Ireland	Total	U.S.	Ireland	Total
Cash and cash equivalents	\$ 59.6	\$ 198.7	\$ 258.3	\$ 152.8	\$ 120.2	\$ 273.0
Investments—short-term	235.3	44.7	280.0	293.5	68.5	362.0
Investments—long-term	108.0	23.0	131.0	23.2	1.6	24.8
Total cash and investments	\$ 402.9	\$ 266.4	\$ 669.3	\$ 469.5	\$ 190.3	\$ 659.8
Outstanding borrowings—short and long-term	\$ 297.1	\$ —	\$ 297.1	\$ 275.0	\$ —	\$ 275.0

At June 30, 2021 our investments consisted of the following:

(In millions)	Amortized Cost	Gross Unrealized		Allowance for Credit Losses	Estimated Fair Value
		Gains	Losses		
Investments—short-term available-for-sale	\$ 277.3	\$ 0.9	\$ (0.1)	\$ —	\$ 278.1
Investments—short-term held-to-maturity	1.7	0.2	—	—	1.9
Investments—long-term available-for-sale	129.3	—	(0.1)	—	129.2
Investments—long-term held-to-maturity	1.8	—	—	—	1.8
Total	\$ 410.1	\$ 1.1	\$ (0.2)	\$ —	\$ 411.0

Our investment objectives are, first, to preserve liquidity and conserve capital and, second, to generate investment income. We mitigate credit risk in our cash reserves by maintaining a well-diversified portfolio that limits the amount of investment exposure as to institution, maturity and investment type. However, the value of these securities may be adversely affected by the instability of the global financial markets, which could, in turn, adversely impact our financial position and our overall liquidity. Our available-for-sale investments consist primarily of short- and long-term U.S. government and agency debt securities, corporate debt securities and debt securities issued by non-U.S. agencies and backed by non-U.S. governments. Our held-to-maturity investments consist of investments that are restricted and held as collateral under certain letters of credit related to certain of our lease agreements.

We classify available-for-sale investments in an unrealized loss position that do not mature within 12 months as long-term investments. We have the intent and ability to hold these investments until recovery, which may be at maturity, and it is more-likely-than-not that we would not be required to sell these securities before recovery of their amortized cost. At June 30, 2021, we performed an analysis of our investments with unrealized losses for impairment and determined that the loss on one of our corporate debt securities was other-than-temporary and recorded a \$1.0 million impairment charge within “Other income (expense), net” in the accompanying condensed consolidated statements of operations and comprehensive income (loss).

#### Sources and Uses of Cash

We expect that our existing cash and investments balance will be sufficient to finance our anticipated working capital and other cash requirements, such as capital expenditures and principal and interest payments, for at least 12 months following the date on which this Form 10-Q is filed. Subject to market conditions, interest rates and other factors, we may pursue opportunities to obtain additional financing in the future, including debt and equity offerings, corporate collaborations, bank borrowings, debt refinancings, arrangements relating to assets or other financing methods or structures. We are closely monitoring ongoing developments in connection with the COVID-19 pandemic that may have an adverse impact on our commercial prospects and projected cash position.

Information about our cash flows, by category, is presented in “Part I, Item 1—Condensed Consolidated Financial Statements of Cash Flows” in this Form 10-Q. The following table summarizes our cash flows for the six months ended June 30, 2021 and 2020:

(In millions)	Six Months Ended June 30,	
	2021	2020
Cash and cash equivalents, beginning of period	\$ 273.0	\$ 203.8
Cash flows used in operating activities	(12.1)	(44.7)
Cash flows (used in) provided by investing activities	(33.8)	31.8
Cash flows provided by (used in) financing activities	31.2	(1.9)
Cash and cash equivalents, end of period	<u>\$ 258.3</u>	<u>\$ 189.0</u>

The decrease in cash flows used in operating activities in the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, is primarily due to a decrease in our net loss, net of adjustments to reconcile net loss to cash flows from operating activities and a decrease in cash used for working capital, primarily due to an increase in receivables and inventory and a decrease in accounts payable and accrued expenses, partially offset by a decrease in contract assets and contract liabilities.

The change in cash flows from investing activities in the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, was primarily due to a \$63.6 million increase in net purchase of investments, partially offset by a \$7.9 million increase in payments we received in connection with the contingent consideration resulting from the Gainesville Transaction and a \$5.3 million decrease in cash paid for property, plant and equipment.

The change in cash flows from financing activities in the six months ended June 30, 2021, as compared to the six months ended June 30, 2020, was primarily due to \$23.6 million in proceeds from the Term Loan Refinancing and a \$13.6 million increase in the amount of cash we received upon exercises of employee stock options, net of employee taxes.

#### Borrowings

At June 30, 2021, the principal balance of our borrowings consisted of \$299.3 million outstanding under our 2026 Term Loans. See Note 11, *Long-Term Debt*, in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q for further discussion of our 2026 Term Loans.

### *Contractual Obligations*

See the “Contractual Obligations” section in “Part II, Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report for a discussion of our contractual obligations.

### *Off-Balance Sheet Arrangements*

At June 30, 2021, we were not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources material to investors.

### *Critical Accounting Estimates*

The discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions. See the “Critical Accounting Estimates” section in “Part II, Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report for a discussion of our critical accounting estimates.

### *New Accounting Standards*

See the “New Accounting Pronouncements” section in Note 2, *Summary of Significant Accounting Policies* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q for discussion of certain recent accounting standards applicable to us.

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

Market risks related to our investment portfolio, and the ways we manage such risks, are summarized in “Part II, Item 7A—Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report. We regularly review our marketable securities holdings and shift our investment holdings to those that best meet our investment objectives, which are to preserve capital, provide sufficient liquidity to satisfy operating requirements and generate investment income. Apart from such adjustments to our investment portfolio, there have been no material changes to our market risks since December 31, 2020, and we do not anticipate any near-term changes in the nature of our market risk exposures or in our management’s objectives and strategies with respect to managing such exposures.

We are exposed to non-U.S. currency exchange risk related to manufacturing and royalty revenues we receive on certain of our products, partially offset by certain operating costs arising from expenses and payables in connection with our Irish operations that are settled predominantly in Euro. These non-U.S. currency exchange rate risks are summarized in “Part II, Item 7A—Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report. There has been no material change in our assessment of our sensitivity to non-U.S. currency exchange rate risk since December 31, 2020.

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

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), as of June 30, 2021. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that our disclosure controls and procedures were effective as of June 30, 2021 to provide reasonable assurance that the information required to be disclosed by us in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no

matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

*b) Change in Internal Control Over Financial Reporting*

During the period covered by this report, there have been no changes in our internal control over financial reporting 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 information regarding legal proceedings, see the discussion of legal proceedings in Note 14, *Commitments and Contingent Liabilities* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q, which discussion is incorporated into this Part II, Item 1 by reference.

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

For a discussion of our risk factors, see “Part I, Item 1A—Risk Factors” in our Annual Report. There have been no material changes from the risk factors disclosed in our Annual Report.

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

On September 16, 2011, our board of directors authorized the continuation of the Alkermes, Inc. program to repurchase up to \$215.0 million of our ordinary shares at the discretion of management from time to time in the open market or through privately negotiated transactions. We did not purchase any shares under this program during the six months ended June 30, 2021. As of June 30, 2021, we had purchased a total of 8,866,342 shares under this program at an aggregate cost of \$114.0 million.

During the three months ended June 30, 2021, we acquired 31,752 of our ordinary shares, at an average price of \$22.27 per share, to satisfy withholding tax obligations related to the vesting of employee equity awards.

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

Our policy governing transactions in our securities by our directors, officers and employees permits our directors, officers and employees to enter into trading plans in accordance with Rule 10b5-1 under the Exchange Act. During the three months ended June 30, 2021, each of Messrs. Michael J. Landine and Richard F. Pops, each an executive officer of the Company, entered into a trading plan in accordance with Rule 10b5-1 and our policy governing transactions in our securities by our directors, officers and employees. We undertake no obligation to update or revise the information provided herein, including for any revision or termination of an established trading plan.



**Item 6. Exhibits**

The following exhibits are filed or furnished as part of this Form 10-Q:

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
3.1 #	<a href="#">Memorandum and Articles of Association of Alkermes plc., as amended on June 14, 2021</a>
10.1 †	<a href="#">Alkermes plc 2018 Stock Option and Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Alkermes plc Current Report on Form 8-K (File No. 001-35299) filed on June 14, 2021)</a>
10.2 #	<a href="#">Summary of agreement reached on April 29, 2021 between Alkermes plc and Sarissa Capital Offshore Master Fund LP</a>
31.1 #	<a href="#">Rule 13a-14(a)/15d-14(a) Certification.</a>
31.2 #	<a href="#">Rule 13a-14(a)/15d-14(a) Certification.</a>
32.1 ‡	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.SCH #	Inline XBRL Taxonomy Extension Schema Document.
101.CAL #	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB #	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE #	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF #	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104 #	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

# Filed herewith.

‡ Furnished herewith.

† Indicates a management contract or any compensatory plan, contract or arrangement.

## 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.

ALKERMES plc

(Registrant)

By: /s/ Richard F. Pops  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Iain M. Brown  
Senior Vice President, Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Date: July 28, 2021

**Companies Act 2014**

**A PUBLIC LIMITED COMPANY**

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**CONSTITUTION**

**of**

**ALKERMES PUBLIC LIMITED COMPANY**

**(amended and restated by Special Resolution dated 14 June 2021)**

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**Incorporated 4 May 2011**

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**Companies Act 2014**

**A PUBLIC LIMITED COMPANY**

**MEMORANDUM OF ASSOCIATION**

of

**ALKERMES PUBLIC LIMITED COMPANY**

1. The name of the Company is Alkermes public limited company.
  2. The registered office of the Company shall be at Connaught House, 1 Burlington Road, Dublin 4 or at such other place as the Board may from time to time decide.
  3. The Company is a public limited company deemed to be a PLC to which Part 17 of the Companies Act 2014 applies.
  4. The objects for which the Company is established are:
    - (a) To carry on all or any of the businesses of manufacturers, buyers, sellers, and distributing agents of and dealers in all kinds of patent, pharmaceutical, medicinal, and medicated preparations, patent medicines, drugs, herbs, and of and in pharmaceutical, medicinal, proprietary and industrial preparations, compounds, and articles of all kinds; and to manufacture, make up, prepare, buy, sell, and deal in all articles, substances, and things commonly or conveniently used in or for making up, preparing, or packing any of the products in which the Company is authorised to deal, or which may be required by customers of or persons having dealings with the Company.
    - (b) To establish, maintain and operate laboratories for the purpose of carrying on chemical, physical and other research in medicine, chemistry, industry or other unrelated or related fields.
    - (c) To carry on the business of a holding company and to co-ordinate the administration, finances and activities of any subsidiary companies or associated companies, to do all lawful acts and things whatever that are necessary or convenient in carrying on the business of such a holding company and in particular to carry on in all its branches the business of a management services company, to act as managers and to direct or coordinate the management of other companies or of the business, property and estates of any company or person and to undertake and carry out all such services in connection therewith as may be deemed expedient by the Company's Board and to exercise its powers as a shareholder of other companies.
  - 4.2 To acquire and hold shares, stocks, debenture stock, bonds, mortgages, obligations and securities and interests of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wherever constituted or carrying on business, whether in Ireland or elsewhere, and to vary, transpose, dispose of or otherwise deal with,
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from time to time as may be considered expedient, any of the Company's investments for the time being.

- 4.3 To acquire any such shares and other securities as are mentioned in the preceding paragraph by subscription, syndicate participation, tender, purchase, exchange or otherwise and to subscribe for the same, either conditionally or otherwise, and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof.
  - 4.4 To lease, acquire by purchase or otherwise and hold, sell, dispose of and deal in real property and in personal property of all kinds wheresoever situated.
  - 4.5 To enter into any guarantee, contract of indemnity or suretyship and to assure, support or secure with or without consideration or benefit the performance of any obligations of any person or persons and to guarantee the fidelity of individuals filling or about to fill situations of trust or confidence.
  - 4.6 To acquire or undertake the whole or any part of the business, property and liabilities of any person carrying on any business that the Company is authorised to carry on.
  - 4.7 To apply for, register, purchase, lease, acquire, hold, use, control, licence, sell, assign or dispose of patents, patent rights, copyrights, trade marks, formulae, licences, inventions, processes, distinctive marks and similar rights.
  - 4.8 To enter into partnership or into any arrangement for sharing of profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person carrying on or engaged in or about to carry on or engage in any business or transaction that the Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as to benefit the Company.
  - 4.9 To take or otherwise acquire and hold securities in any other body corporate having objects altogether or in part similar to those of the Company or carrying on any business capable of being conducted so as to benefit the Company.
  - 4.10 To lend money to any employee or to any person having dealings with the Company or with whom the Company proposes to have dealings or to any other body corporate any of whose shares are held by the Company.
  - 4.11 To apply for, secure or acquire by grant, legislative enactment, assignment, transfer, purchase or otherwise and to exercise, carry out and enjoy any charter, licence, power, authority, franchise, concession, right or privilege, that any government or authority or any body corporate or other public body may be empowered to grant, and to pay for, aid in and contribute toward carrying it into effect and to assume any liabilities or obligations incidental thereto and to enter into any arrangements with any governments or authorities, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them.
  - 4.12 To perform any duty or duties imposed on the Company by or under any enactment and to exercise any power conferred on the Company by or under any enactment.
  - 4.13 To incorporate or cause to be incorporated any one or more subsidiaries of the Company (within the meaning of the Companies Act 2014) for the purpose of carrying on any business.
  - 4.14 To establish and support or aid in the establishment and support of associations, institutions, funds or trusts for the benefit of employees, directors and/or consultants or
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former employees, directors and/or consultants of the Company or its predecessors or any of its subsidiary or associated companies, or the dependants or connections of such employees, directors and/or consultants or former employees, directors and/or consultants and grant gratuities, pensions and allowances, including the establishment of share option schemes, enabling employees, directors and/or consultants of the Company or other persons aforesaid to become shareholders in the Company, or otherwise to participate in the profits of the Company upon such terms and in such manner as the Company thinks fit, and to make payments towards insurance or for any object similar to those set forth in this paragraph.

- 4.15 To establish and contribute to any scheme for the purchase by trustees of Shares in the Company to be held for the benefit of the Company's employees or the employees of any of its subsidiary or associated companies and to lend or otherwise provide money to the trustees of such schemes or the Company's employees or the employees of any of its subsidiary or associated companies to enable them to purchase Shares of the Company.
  - 4.16 To grant bonuses to any person or persons who are or have been in the employment of the Company or any of its subsidiary or associated companies or any person or persons who are or have been directors of, or consultants to, the Company or any of its subsidiary or associated companies.
  - 4.17 To establish any scheme or otherwise to provide for the purchase by or on behalf of customers of the Company of shares in the Company.
  - 4.18 To subscribe or guarantee money for charitable, benevolent or educational objects or for any exhibition or for any public, general or useful objects.
  - 4.19 To promote any company for the purpose of acquiring or taking over any of the property and liabilities of the Company or for any other purpose that may benefit the Company.
  - 4.20 To purchase, lease, take in exchange, hire or otherwise acquire any personal property and any rights or privileges that the Company considers necessary or convenient for the purposes of its business.
  - 4.21 To construct, maintain, alter, renovate and demolish any buildings or works necessary or convenient for its objects.
  - 4.22 To construct, improve, maintain, work, manage, carry out or control any roads, ways, tramways, branches or sidings, bridges, reservoirs, watercourses, wharves, factories, warehouses, electric works, shops, stores and other works and conveniences that may advance the interests of the Company and contribute to, subsidise or otherwise assist or take part in the construction, improvement, maintenance, working, management and carrying out of control thereof.
  - 4.23 To raise and assist in raising money for, and aid by way of bonus, loan, promise, endorsement, guarantee or otherwise, any person and guarantee the performance or fulfilment of any contracts or obligations of any person, and in particular guarantee the payment of the principal of and interest on the debt obligations of any such person.
  - 4.24 To guarantee, support, secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (both present and future) and uncalled capital of the Company, or by both such methods, the performance of the obligations of, and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of, any person, firm, or company including (without prejudice to the generality of the foregoing) any company which is for the time being the Company's holding company as defined by the Companies Act 2014, or a
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subsidiary as therein defined of any such holding company or otherwise associated by the Company in business.

- 4.25 To borrow or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures, debenture stocks, bonds, obligations and securities of all kinds, either perpetual or terminable and either redeemable or otherwise and to secure the repayment of any money borrowed, raised or owing by trust deed, mortgage, charge, or lien upon the whole or any part of the Company's property or assets (whether present or future) including its uncalled capital, and also by a similar trust deed, mortgage, charge or lien to secure and guarantee the performance by the Company of any obligation or liability it may undertake.
- 4.26 To engage in currency exchange, interest rate and/or commodity or index linked transactions (whether in connection with or incidental to any other contract, undertaking or business entered into or carried on by the Company or whether as an independent object or activity) including, but not limited to, dealings in foreign currency, spot and forward rate exchange contracts, futures, options, forward rate agreements, swaps, caps, floors, collars, commodity or index linked swaps and any other foreign exchange, interest rate or commodity or index linked arrangements and such other instruments as are similar to or derive from any of the foregoing whether for the purpose of making a profit or avoiding a loss or managing a currency or interest rate exposure or any other purpose and to enter into any contract for and to exercise and enforce all rights and powers conferred by or incidental, directly or indirectly, to such transactions or termination of any such transactions.
- 4.27 To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares of the Company's capital or any debentures, debenture stock or other securities of the Company or in or about the formation or promotion of the Company or the conduct of its business.
- 4.28 To draw, make, accept, endorse, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants and other negotiable or transferable instruments.
- 4.29 To sell, lease, exchange or otherwise dispose of the undertaking of the Company or any part thereof as an entirety or substantially as an entirety for such consideration as the Company thinks fit.
- 4.30 To sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with the property of the Company in the ordinary course of its business.
- 4.31 To adopt such means of making known the products of the Company as may seem expedient, and in particular by advertising, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes and rewards and making donations.
- 4.32 To cause the Company to be registered and recognised in any foreign jurisdiction, and designate persons therein according to the laws of that foreign jurisdiction or to represent the Company and to accept service for and on behalf of the Company of any process or suit.
- 4.33 To allot and issue fully-paid shares of the Company in payment or part payment of any property purchased or otherwise acquired by the Company or for any past services performed for the Company.
- 4.34 To distribute among the Members of the Company in cash, kind, specie or otherwise as may be resolved, by way of dividend, bonus or in any other manner considered advisable,
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any property of the Company, but not so as to decrease the capital of the Company unless the distribution is made for the purpose of enabling the Company to be dissolved or the distribution, apart from this paragraph, would be otherwise lawful.

- 4.35 To promote freedom of contract, and to resist, insure against, counteract and discourage interference therewith, to join any lawful federation, union or association or do any other lawful act or thing with a view to preventing or resisting directly or indirectly any interruption of or interference with the Company's or any other trade or business or providing or safeguarding against the same, or resisting strike, movement or organisation, which may be thought detrimental to the interests or opposing any of the Company or its employees and to subscribe to any association or fund for any such purposes.
- 4.36 To make or receive gifts by way of capital contribution or otherwise.
- 4.37 To establish agencies and branches.
- 4.38 To take or hold mortgages, hypothecations, liens and charges to secure payment of the purchase price, or of any unpaid balance of the purchase price, of any part of the property of the Company of whatsoever kind sold by the Company, or for any money due to the Company from purchasers and others and to sell or otherwise dispose of any such mortgage, hypothec, lien or charge.
- 4.39 To pay all costs and expenses of or incidental to the incorporation and organization of the Company.
- 4.40 To invest and deal with the monies of the Company not immediately required for the objects of the Company in such manner as may be determined.
- 4.41 To do any of the things authorised by this memorandum as principals, agents, contractors, trustees or otherwise, and either alone or in conjunction with others.
- 4.42 To do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Company.

The objects set forth in any sub-clause of this clause shall be regarded as independent objects and shall not, except, where the context expressly so requires, be in any way limited or restricted by reference to or inference from the terms of any other sub-clause, or by the name of the Company. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause of this clause, but the Company shall have full power to exercise all or any of the powers conferred by any part of this clause in any part of the world notwithstanding that the business, property or acts proposed to be transacted, acquired or performed do not fall within the objects of the first sub-clause of this clause.

- 5. The liability of each Member is limited to the amount from time to time unpaid on such Member's Shares.
  - 6. The authorised share capital of the Company is €40,000 and US\$5,000,000 divided into 40,000 ordinary shares of €1.00 each, 450,000,000 ordinary shares of US\$0.01 each and 50,000,000 undesignated preferred shares of US\$0.01 each.
  - 7. The shares forming the capital, increased or reduced, may be increased or reduced and be divided into such classes and issued with any special rights, privileges and conditions or with such qualifications as regards preference, dividend, capital, voting or other special incidents, and be held upon such terms as may be attached thereto or as may from time to time be
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provided by the original or any substituted or amended articles of association and regulations of the Company for the time being, but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to the provisions of the Company's articles of association for the time being.

8. Capitalised terms that are not defined in this memorandum of association bear the same meaning as those given in the articles of association of the Company.
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**Companies Act 2014**

**A PUBLIC LIMITED COMPANY**

**ARTICLES OF ASSOCIATION**

of

**ALKERMES PUBLIC LIMITED COMPANY**

**(amended and restated by Special Resolution dated 14 June 2021)**

**PRELIMINARY**

1. The provisions set out in these articles of association shall constitute the whole of the regulations applicable to the Company and no “optional provision” as defined by section 1007(2) of the Companies Acts (with the exception of sections 83 and 84) shall apply to the Company.

2.1 In these Articles:

“**Address**” includes, without limitation, any number or address used for the purposes of communication by way of electronic mail or other electronic communication;

“**Articles**” or “**Articles of Association**” means these articles of association of the Company, as amended from time to time by Special Resolution;

“**Assistant Secretary**” means any person appointed by the Secretary from time to time to assist the Secretary’;

“**Auditors**” means the persons for the time being performing the duties of auditors of the Company;

“**Board**” means the board of directors for the time being of the Company;

“**clear days**” means, in relation to a period of notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

“**Companies Acts**” means the Companies Act 2014, all statutory instruments which are to be read as one with, or construed or read together as one with, the Companies Acts and every statutory modification and re-enactment thereof for the time being in force;

“**Company**” means the above-named company;

“**Court**” means the Irish High Court;

“**Directors**” means the directors for the time being of the Company;

“**dividend**” includes interim dividends and bonus dividends;

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“**Dividend Periods**” shall have the meaning given to such term in Article 14.2;

“**electronic communication**” shall have the meaning given to those words in the Electronic Commerce Act 2000;

“**electronic signature**” shall have the meaning given to those words in the Electronic Commerce Act 2000;

“**Exchange**” means any securities exchange or other system on which the Shares of the Company may be listed or otherwise authorised for trading from time to time;

“**Exchange Act**” shall have the meaning given to such term in Article 99;

“**IAS Regulation**” means Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards;

“**Members**” mean persons who have agreed to become a Member of the Company and whose name is entered in the Register of Members as a registered holder of Shares and each and any of them individually a Member;

“**Memorandum**” means the memorandum of association of the Company as amended from time to time by Special Resolution;

“**month**” means a calendar month;

“**officer**” means any executive of the Company that has been designated by the Company the title “officer” and for the avoidance of doubt does not have the meaning given to such term under the Companies Acts;

“**Ordinary Resolution**” means an ordinary resolution of the Company’s Members within the meaning of the Companies Acts;

“**paid-up**” means paid-up as to the nominal value and any premium payable in respect of the issue of any Shares and includes credited as paid-up;

“**Redeemable Shares**” means redeemable shares in accordance with the Companies Acts;

“**Register of Members**” or “**Register**” means the register of Members of the Company maintained by or on behalf of the Company, in accordance with the Companies Acts and includes (except where otherwise stated) any duplicate Register of Members;

“**registered office**” means the registered office for the time being of the Company;

“**Seal**” means the seal of the Company, if any, and includes every duplicate seal;

“**Secretary**” means the person appointed by the Board to perform any or all of the duties of secretary of the Company and includes an Assistant Secretary and any person appointed by the Board to perform the duties of secretary of the Company;

“**Share**” and “**Shares**” means a share or shares in the capital of the Company;

“**Shareholder Rights Plan**” means a shareholder rights plan providing for the right of Members to purchase securities of the Company in the event of any proposed acquisition of a majority of the Shares where such acquisition is not approved or recommended by the Board; and

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“**Special Resolution**” means a special resolution of the Company’s Members within the meaning the Companies Acts.

2.2 In the Articles:

- (a) words importing the singular number include the plural number and vice-versa;
- (b) words importing the feminine gender include the masculine gender;
- (c) words importing persons include any company, partnership or other body of persons, whether corporate or not, any trust and any government, governmental body or agency or public authority, whether of Ireland or elsewhere;
- (d) “written” and “in writing” include all modes of representing or reproducing words in visible form, including electronic communication;
- (e) references to a company include any body corporate or other legal entity, whether incorporated or established in Ireland or elsewhere;
- (f) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- (g) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (h) headings are inserted for reference only and shall be ignored in construing these Articles; and
- (i) references to US\$, USD, \$ or dollars shall mean United States dollars, the lawful currency of the United States of America and references to €, euro, or EUR shall mean the euro, the lawful currency of Ireland.

#### **SHARE CAPITAL; ISSUE OF SHARES**

- 3. The authorised share capital of the Company is €40,000 and US\$5,000,000 divided into 40,000 ordinary shares of €1.00 each, 450,000,000 ordinary shares of US\$0.01 each and 50,000,000 undesignated preferred shares of US\$0.01 each.
  - 4. Subject to the Companies Acts and the rights conferred on the holders of any other class of shares, any Share in the Company may be issued with or have attached to it such preferential, deferred, qualified or special rights, privileges or conditions as the Company may by Ordinary Resolution decide or, insofar as the Ordinary Resolution does not make specific provision, as the Board may from time to time determine.
  - 5. Subject to the provisions of these Articles relating to new Shares, the Shares shall be at the disposal of the Directors, and they may (subject to the provisions of the Companies Acts) allot, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its Members, but so that no Share shall be issued at a discount save in accordance with the Companies Acts, and so that, in the case of Shares offered to the public for subscription, the amount payable on application on each Share shall not be less than one-quarter of the nominal amount of the Share and the whole of any premium thereon.
  - 6. Subject to any requirement to obtain the approval of Members under any laws, regulations or the rules of any Exchange, the Board is authorised, from time to time, in its discretion, to grant
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such persons, for such periods and upon such terms as the Board deems advisable, options to purchase or subscribe for any number of Shares of any class or classes or of any series of any class as the Board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued.

7. Subject to the provisions of Part XI of the 1990 Act and the other provisions of this Article 7, the Company may:
  - 7.1 pursuant the Companies Acts, issue any Shares of the Company which are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as may be determined by the Company in general meeting (by Special Resolution) on the recommendation of the Directors;
  - 7.2 redeem Shares of the Company on such terms as may be contained in, or be determined pursuant to the provisions of, these Articles. Subject as aforesaid, the Company may cancel any Shares so redeemed or may hold them as treasury shares and re-issue such treasury shares as Shares of any class or classes or cancel them;
  - 7.3 subject to or in accordance with the provisions of the Companies Acts and without prejudice to any relevant special rights attached to any class of shares, pursuant to the Companies Acts, purchase any of its own Shares (including any Redeemable Shares and without any obligation to purchase on any pro rata basis as between Members or Members of the same class) and may cancel any shares so purchased or hold them as treasury (as defined by the Companies Acts) and may reissue any such shares as shares of any class or classes or cancel them; or
  - 7.4 pursuant to the Companies Acts, convert any of its Shares into Redeemable Shares provided that the total number of Shares which shall be redeemable pursuant to this authority shall not exceed the limit in the Companies Acts.
8. The Company may issue bearer instruments in accordance with the Companies Acts.
9. Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares or to the authority conferred on the Directors pursuant to Article 14 to issue the preferred shares, any Share in the Company may be issued with such preferred or deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine.
10. The Company may pay commission to any person in consideration of any person subscribing or agreeing to subscribe, whether absolutely or conditionally, for the shares in the Company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company on such terms and, subject to the provisions of the Companies Acts and to such conditions as the Directors may determine, including, without limitation, by paying cash or allotting and issuing fully or partly paid shares or any combination of the two. The Company may also on any issue of Shares pay such brokerage as may be lawful.

## **ORDINARY SHARES**

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11. The holders of the ordinary shares shall be:
  - 11.1 entitled to dividends on a pro rata basis in accordance with the relevant provisions of these Articles;
  - 11.2 entitled to participate pro rata in the total assets of the Company in the event of the Company's winding up; and
  - 11.3 entitled, subject to the right of the Company to set record dates for the purpose of determining the identity of Members entitled to notice of and/or vote at a general meeting, to attend general meetings of the Company and shall be entitled to one vote for each ordinary share registered in her name in the Register of Members, both in accordance with the relevant provisions of these Articles.

The rights attaching to the ordinary shares may be subject to the terms of issue of any series or class of preferred share allotted by the Directors from time to time in accordance with Article 14.

12. Unless the Board specifically elects to treat such acquisition as a purchase for the purposes of the Companies Acts, an ordinary share shall be deemed to be a Redeemable Share on, and from the time of, the existence or creation of an agreement, transaction or trade between the Company and any third party pursuant to which the Company acquires or will acquire ordinary shares, or an interest in ordinary shares, from the relevant third party. In these circumstances, the acquisition of such shares by the Company shall constitute the redemption of a Redeemable Share in accordance with the Companies Acts.

13. All ordinary shares shall rank *pari passu* with each other in all respects.

### **PREFERRED SHARES**

14. The Directors are authorised to issue all or any of the authorised but unissued preferred shares from time to time in one or more classes or series, and to fix for each such class or series such voting powers (full or limited or without voting powers), designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as are stated and expressed, or in any resolution or resolutions providing for the issue of such class or series adopted by the Board as hereinafter provided, including, without limitation, and subject to the Memorandum and Articles and applicable law, the authority to provide that any such class or series may be:
    - 14.1 redeemable at the option of the Company, or the Members, or both, with the manner of the redemption to be set by the Board, and redeemable at such time or times, including upon a fixed date, and at such price or prices;
    - 14.2 entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions at such times and in respect of such dividend periods (the "Dividend Periods"), and payable in preference to, or in such relation to, the dividends payable on any other class or classes of shares or any other series;
    - 14.3 entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Company; or
    - 14.4 convertible into, or exchangeable for, shares of any other class or classes of shares, or of any other series of the same or any other class or classes of shares, of the Company at such price or prices or at such rates of exchange and with such adjustments as the Directors determine,
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which rights and restrictions may be as stated in such resolution or resolutions of the Directors as determined by them in accordance with this Article 14. The Board may at any time before the allotment of any preferred share by further resolution in any way amend the designations, preferences, rights, qualifications, limitations or restrictions, or vary or revoke the designations of such preferred shares.

Notwithstanding the fixing of the number of preferred shares constituting a particular series upon the issuance thereof, the Board at any time thereafter may authorise the issuance of additional preferred shares of the same series subject always to the Companies Acts, the Memorandum and these Articles.

The rights conferred upon a Member holding any pre-existing shares in the share capital of the Company shall be deemed not to be varied by the creation, issue and allotment of preferred shares in accordance with this Article 14.

15. No dividend shall be declared and set apart for payment on any series of preferred shares in respect of any Dividend Period unless there shall likewise be or have been paid, or declared and set apart for payment, on all preferred shares of each other series entitled to cumulative dividends at the time outstanding that rank senior or equally as to dividends with the series in question, dividends rateably in accordance with the sums which would be payable on the said preferred shares through the end of the last preceding Dividend Period if all dividends were declared and paid in full.
16. If, upon the winding up of the Company, the assets of the Company distributable among the holders of any one or more series of preferred shares which (i) are entitled to a preference over the holders of the ordinary shares upon such winding up, and (ii) rank equally in connection with any such distribution, shall be insufficient to pay in full the preferential amount to which the holders of such preferred shares shall be entitled, then such assets, or the proceeds thereof, shall be distributed among the holders of each such series of the preferred shares rateably in accordance with the sums which would be payable on such distribution if all sums payable were discharged in full.

#### **ISSUE OF WARRANTS**

17. The Board may issue warrants to subscribe for any class of Shares or other securities of the Company on such terms as it may from time to time determine.

#### **CERTIFICATES FOR SHARES**

18. Unless otherwise provided for by the Board or the rights attaching to or by the terms of issue of any particular Shares, or to the extent required by any stock exchange, depository, or any operator of any clearance or settlement system, no person whose name is entered as a Member in the Register of Members shall be entitled to receive a share certificate for all her Shares of each class held by her (nor on transferring a part of holding, to a certificate for the balance).
  19. Any share certificate, if issued, shall specify the number of Shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as shall be determined by the Board. Such certificates may be under Seal. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. The name and address of the person to whom the Shares represented thereby are issued, with the number of Shares and date of issue, shall be entered in the Register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of Shares shall have been surrendered and cancelled. The Board may authorise certificates to be issued with the seal and authorised signature(s) affixed by some method or system of mechanical process. In respect of a Share or Shares held jointly by
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several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders.

20. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating such evidence, as the Board may prescribe, and, in the case of defacement or wearing out, upon delivery of the old certificate.

#### **REGISTER OF MEMBERS**

21. The Company shall maintain or cause to be maintained a Register of its Members in accordance with the Companies Acts.
22. If the Board considers it necessary or appropriate, the Company may establish and maintain a duplicate Register or Registers of Members at such location or locations within or outside Ireland as the Board thinks fit. The original Register of Members shall be treated as the Register of Members for the purposes of these Articles and the Companies Acts.
23. The Company, or any agent(s) appointed by it to maintain the duplicate Register of Members in accordance with these Articles, shall as soon as practicable and on a regular basis record or procure the recording in the original Register of Members all transfers of Shares effected on any duplicate Register of Members and shall at all times maintain the original Register of Members in such manner as to show at all times the Members for the time being and the Shares respectively held by them, in all respects in accordance with the Companies Acts.
24. The Company shall not be bound to register more than four persons as joint holders of any Share. If any Share shall stand in the names of two or more persons, the person first named in the Register of Members shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company.

#### **TRANSFER OF SHARES**

25. All transfers of Shares may be effected by an instrument of transfer in the usual common form or in such other form as the Board may approve. All instruments of transfer must be left at the registered office or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.
- 26.
- 26.1 The instrument of transfer shall be executed by or on behalf of the transferor. The instrument of transfer of any Share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of the transferor provided that in the case of execution by facsimile signature by or on behalf of a transferor, the Board shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures.
- 26.2 The instrument of transfer of any Share may be executed for and on behalf of the transferor by the Secretary or an Assistant Secretary, and the Secretary or Assistant Secretary shall be deemed to have been irrevocably appointed agent for the transferor of such Share or Shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such Share or Shares all such transfers of Shares held by the Members in the share capital of the Company. Any document which records the name of the transferor, the
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name of the transferee, the class and number of Shares agreed to be transferred, the date of the agreement to transfer Shares, shall, once executed by the transferor or the Secretary or Assistant Secretary as agent for the transferor, be deemed to be a proper instrument of transfer for the purposes of the Companies Acts. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered on the Register in respect thereof, and neither the title of the transferee nor the title of the transferor shall be affected by any irregularity or invalidity in the proceedings in reference to the sale should the Directors so determine.

- 26.3 The Company, at its absolute discretion, may, or may procure that a subsidiary of the Company shall, pay Irish stamp duty arising on a transfer of Shares on behalf of the transferee of such Shares of the Company. If stamp duty resulting from the transfer of Shares in the Company which would otherwise be payable by the transferee is paid by the Company or any subsidiary of the Company on behalf of the transferee, then in those circumstances, the Company shall, on its behalf or on behalf of its subsidiary (as the case may be), be entitled to (i) seek reimbursement of the stamp duty from the transferee, (ii) set-off the stamp duty against any dividends payable to the transferee of those Shares and (iii) to claim a first and permanent lien on the Shares on which stamp duty has been paid by the Company or its subsidiary for the amount of stamp duty paid. The Company's lien shall extend to all dividends paid on those Shares.
- 26.4 Notwithstanding the provisions of these Articles and subject to any regulations made under section 239 of the Companies Act 1990 or section 1086 of the Companies Act 2014, title to any Shares in the Company may also be evidenced and transferred without a written instrument in accordance with section 239 of the Companies Act 1990 or section 1086 of the Companies Act 2014, or any regulations made thereunder. The Directors shall have power to permit any class of Shares to be held in uncertificated form and to implement any arrangements they think fit for such evidencing and transfer which accord with such regulations and in particular shall, where appropriate, be entitled to disapply or modify all or part of the provisions in these Articles with respect to the requirement for written instruments of transfer and share certificates (if any), in order to give effect to such regulations.
27. The Board, may in its absolute discretion and without assigning any reason for its decision, decline to register any transfer of any Share which is not a fully paid Share. The Board may also, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any Share unless:
- 27.1 the instrument of transfer is lodged with the Company accompanied by the certificate for the Shares (if any) to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- 27.2 the instrument of transfer is in respect of only one class of Shares;
- 27.3 the instrument of transfer is properly stamped (in circumstances where stamping is required);
- 27.4 in the case of a transfer to joint holders, the number of joint holders to which the Share is to be transferred does not exceed four;
- 27.5 it is satisfied, acting reasonably, that all applicable consents, authorisations, permissions or approvals of any governmental body or agency in Ireland or any other applicable jurisdiction required to be obtained under relevant law prior to such transfer have been obtained; and
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- 27.6 it is satisfied, acting reasonably, that the transfer would not violate the terms of any agreement to which the Company (or any of its subsidiaries) and the transferor are party or subject.
28. If the Board shall refuse to register a transfer of any Share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.
29. The Company shall not be obligated to make any transfer to an infant or to a person in respect of whom an order has been made by a competent court or official on the grounds that she is or may be suffering from mental disorder or is otherwise incapable of managing her affairs or under other legal disability.
30. Upon every transfer of Shares the certificate (if any) held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and subject to Article 18 a new certificate may be issued without charge to the transferee in respect of the Shares transferred to her, and if any of the Shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof may be issued to her without charge. The Company shall also retain the instrument(s) of transfer.

#### **REDEMPTION AND REPURCHASE OF SHARES**

31. Subject to the provisions of the Companies Acts and these Articles, the Company may, pursuant to the Companies Acts, issue any Shares of the Company which are to be redeemed or are liable to be redeemed at the option of the Company or the Member of the Company on such terms and in such manner as may be determined by the Company in general meeting (by Special Resolution) on the recommendation of the Board.
32. Subject to the Companies Acts, the Company may, without prejudice to any relevant special rights attached to any class of Shares pursuant to the Companies Acts, purchase any of its own Shares (including any Redeemable Shares and without any obligation to purchase on any pro rata basis as between Members or Members of the same class) and may cancel any Shares so purchased or hold them as treasury shares (as defined by the Companies Acts) and may reissue any such Shares as Shares of any class or classes.
33. The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Acts.
34. The holder of the Shares being purchased shall be bound to deliver up to the Company at its registered office or such other place as the Board shall specify, the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to her the purchase or redemption monies or consideration in respect thereof.

#### **VARIATION OF RIGHTS OF SHARES**

35. If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied or abrogated with the consent in writing of the holders of three-quarters of all the votes of the issued Shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class.
36. The provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis to every such general meeting of the holders of one class of Shares except
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that the necessary quorum shall be one or more persons holding or representing by proxy at least one-half of the issued Shares of the class.

37. The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by (i) the creation or issue of further Shares ranking *pari passu* therewith; (ii) a purchase or redemption by the Company of its own Shares; or (iii) the creation or issue for full value (as determined by the Board) of further Shares ranking as regards participation in the profits or assets of the Company or otherwise in priority to them.

#### LIEN ON SHARES

38. The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all monies (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Directors, at any time, may declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share shall extend to all monies payable in respect of it.
39. The Company may sell in such manner as the Directors determine any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice demanding payment, and stating that if the notice is not complied with the Share may be sold, has been given to the holder of the Share or to the person entitled to it by reason of the death or bankruptcy of the holder.
40. To give effect to a sale, the Directors may authorise some person to execute an instrument of transfer of the Share sold to, or in accordance with the directions of, the transferee. The transferee shall be entered in the Register as the holder of the Share comprised in any such transfer and she shall not be bound to see to the application of the purchase monies nor shall her title to the Share be affected by any irregularity in or invalidity of the proceedings in reference to the sale, and after the name of the transferee has been entered in the Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
41. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable and any residue (upon surrender to the Company for cancellation of the certificate for the Shares sold and subject to a like lien for any monies not presently payable as existed upon the Shares before the sale) shall be paid to the person entitled to the Shares at the date of the sale.
42. Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability upon the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any Shares registered in the Register as held either jointly or solely by any Members or in respect of any dividends, bonuses or other monies due or payable or accruing due or which may become due or payable to such Member by the Company on or in respect of any Shares registered as mentioned above or for or on account or in respect of any Member and whether in consequence of:
- 42.1 the death of such Member;
  - 42.2 the non-payment of any income tax or other tax by such Member;
  - 42.3 the non-payment of any estate, probate, succession, death, stamp or other duty by the executor or administrator of such Member or by or out of her estate; or
  - 42.4 any other act or thing;
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in every such case (except to the extent that the rights conferred upon holders of any class of Shares under the Company liable to make additional payments in respect of sums withheld on account of the foregoing):

- 42.5 the Company shall be fully indemnified by such Member or her executor or administrator from all liability;
- 42.6 the Company shall have a lien upon all dividends and other monies payable in respect of the Shares registered in the Register as held either jointly or solely by such Member for all monies paid or payable by the Company as referred to above in respect of such Shares or in respect of any dividends or other monies thereon or for or on account or in respect of such Member under or in consequence of any such law, together with interest at the rate of 15% per annum (or such other rate as the Board may determine) thereon from the date of payment to date of repayment, and the Company may deduct or set off against such dividends or other monies so payable any monies paid or payable by the Company as referred to above together with interest at the same rate;
- 42.7 the Company may recover as a debt due from such Member or her executor or administrator (wherever constituted) any monies paid by the Company under or in consequence of any such law and interest thereon at the rate and for the period referred to above in excess of any dividends or other monies then due or payable by the Company; and
- 42.8 the Company may if any such money is paid or payable by it under any such law as referred to above refuse to register a transfer of any Shares by any such Member or her executor or administrator until such money and interest is set off or deducted as referred to above or in the case that it exceeds the amount of any such dividends or other monies then due or payable by the Company, until such excess is paid to the Company.

Subject to the rights conferred upon the holders of any class of Shares, nothing in this Article 42 will prejudice or affect any right or remedy which any law may confer or purport to confer on the Company. As between the Company and every such Member as referred to above (and, her executor, administrator and estate, wherever constituted), any right or remedy which such law shall confer or purport to confer on the Company shall be enforceable by the Company.

#### **CALLS ON SHARES**

43. Subject to the terms of allotment, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares and each Member (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) shall pay to the Company as required by the notice the amount called on her Shares. A call may be required to be paid by instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part and payment of a call may be postponed in whole or in part.
44. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
45. A person on whom a call is made shall (in addition to a transferee) remain liable notwithstanding the subsequent transfer of the Share in respect of which the call is made.
46. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
47. If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call or, if no rate is
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fixed, at the appropriate rate (as defined by the Companies Acts) but the Directors may waive payment of the interest wholly or in part.

48. An amount payable in respect of a Share on allotment or at any fixed date, whether in respect of nominal value by way of premium, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
49. Subject to the terms of allotment, the Directors may make arrangements on the issue of Shares for a difference between the holders in the amounts and times of payment of calls on their Shares.
50. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the monies uncalled and unpaid upon any Shares held by her, and upon all or any of the monies so advanced may pay (until the same would, but for such advance, become payable) interest at such rate as may be agreed upon between the Directors and the Member paying such sum in advance.

#### **FORFEITURE**

51. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors, at any time thereafter during such times as any part of the call or instalment remains unpaid, may serve a notice on her requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.
  52. The notice shall state a further day (not earlier than the expiration of fourteen clear days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the Shares in respect of which the call was made will be liable to be forfeited.
  53. If the requirements of any such notice as aforesaid are not complied with then, at any time thereafter before the payment required by the notice has been made, any Shares in respect of which the notice has been given may be forfeited by a resolution of the Directors to that effect. The forfeiture shall include all dividends or other monies payable in respect of the forfeited Shares and not paid before forfeiture. The Directors may accept a surrender of any Share liable to be forfeited hereunder.
  54. On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the Shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Member sued, in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
  55. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal such a Share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the Share to that person. The Company may receive the consideration, if any, given for the Share on any sale or disposition thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and thereupon she shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall her title to the Share be affected by any
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irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

56. A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but nevertheless shall remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by her to the Company in respect of the Shares, without any deduction or allowance for the value of the Shares at the time of forfeiture but her liability shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.
57. A statutory declaration or affidavit that the declarant is a Director or the Secretary of the Company, and that a Share in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
58. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
59. The Directors may accept the surrender of any Share which the Directors have resolved to have been forfeited upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered Share shall be treated as if it has been forfeited.

#### **NON-RECOGNITION OF TRUSTS**

60. The Company shall not be obligated to recognise any person as holding any Share upon any trust (except as is otherwise provided in these Articles or to the extent required by law) and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as is otherwise provided by these Articles or the Companies Acts) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder. This shall not preclude the Company from requiring the Members or a transferee of Shares to furnish to the Company with information as to the beneficial ownership of any Share when such information is reasonably required by the Company.

#### **TRANSMISSION OF SHARES**

61. In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where she was a sole holder, shall be the only persons recognised by the Company as having any title to her interest in the Shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any Shares which had been held by her solely or jointly with other persons.
  62. Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either to be registered himself as holder of the Share or to make such transfer of the Share to such other person nominated by her and to have such person registered as the transferee thereof, but the Board shall, in either case, have the same right to decline or
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suspend registration as they would have had in the case of a transfer of the Share by that Member before her death or bankruptcy as the case may be.

63. If the person so becoming entitled shall elect to be registered himself as holder, she shall deliver or send to the Company a notice in writing signed by her stating that she so elects.
64. Subject to Article 65, a person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which she would be entitled if she were the registered holder of the Share, except that she shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by Membership in relation to meetings of the Company provided however that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share and if the notice is not complied with within ninety (90) days the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.
65. The Board may at any time give notice requiring a person entitled by transmission to a Share to elect either to be registered himself or to transfer the Share and if the notice is not complied with within sixty (60) days the Board may withhold payment of all dividends and other monies payable in respect of the Share until the requirements of the notice have been complied with.

**AMENDMENT OF MEMORANDUM OF ASSOCIATION;  
CHANGE OF LOCATION OF REGISTERED OFFICE; AND  
ALTERATION OF CAPITAL**

66. The Company may by Ordinary Resolution:
- 66.1 divide its share capital into several classes and attach to them respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- 66.2 increase the authorised share capital by such sum to be divided into Shares of such nominal value, as such Ordinary Resolution shall prescribe;
- 66.3 consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- 66.4 by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller nominal value than is fixed by the Memorandum subject to the Companies Acts, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
- 66.5 cancel any Shares that at the date of the passing of the relevant Ordinary Resolution have not been taken or agreed to be taken by any person; and
- 66.6 subject to applicable law, change the currency denomination of its share capital.
67. Subject to the provisions of the Companies Acts, the Company may:
- 67.1 by Special Resolution change its name, alter or add to the Memorandum with respect to any objects, powers or other matters specified therein or alter or add to these Articles;
- 67.2 by Special Resolution reduce its company capital (including its share capital and any capital redemption reserve or share premium account) in any way it thinks expedient and, without prejudice to the generality of the foregoing, may
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- (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid up company capital which is lost or unrepresented by available assets; and
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up company capital which is in excess of the wants of the Company,

and in relation to such reductions, the Company may by Special Resolution determine the terms upon which the reduction is to be effected, including in the case of a reduction of part only of any class of Shares, those Shares to be affected; and

67.3 by resolution of the Directors change the location of its registered office.

68. Whenever as a result of an alteration or reorganisation of the share capital of the Company any Members would become entitled to fractions of a Share, the Directors may, on behalf of those Members, sell the Shares representing the fractions for the best price reasonably obtainable to any person and distribute the proceeds of sale in due proportion among those Members, and the Directors may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall her title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

#### **CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE**

69. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Board may provide, subject to the requirements of the Companies Acts, that the Register of Members shall be closed for transfers at such times and for such periods, not exceeding in the whole thirty (30) days in each year. If the Register of Members shall be so closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members such Register of Members shall be so closed for at least five (5) days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.

70. In lieu of, or apart from, closing the Register of Members, the Board may fix in advance a date as the record date (a) for any such determination of Members entitled to notice of or to vote at a meeting of the Members, which record date shall not be more than ninety (90) days nor less than ten (10) days before the date of such meeting, and (b) for the purpose of determining the Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, which record date shall not be more than ninety (90) days prior to the date of payment of such dividend or the taking of any action to which such determination of Members is relevant. The record date shall not precede the date upon which the resolution fixing the record date is adopted by the Directors.

71. If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members or Members entitled to receive payment of a dividend, the date immediately preceding the date on which notice of the meeting is deemed given under these Articles or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in these Articles, such determination shall apply to

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any adjournment thereof; provided, however, that the Directors may fix a new record date of the adjourned meeting, if they think fit.

#### **GENERAL MEETINGS**

72. The Board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Companies Acts.
73. The Board may, whenever it thinks fit, and shall, on the requisition in writing of Members holding such number of Shares as is prescribed by, and made in accordance with, the Companies Acts, convene a general meeting in the manner required by the Companies Acts. All general meetings other than annual general meetings shall be called extraordinary general meetings.
74. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting of the Company and that of the next. Subject to the Companies Acts, all general meetings may be held outside of Ireland.
75. Each general meeting shall be held at such time and place as specified in the notice of meeting.
76. The Board may, in its absolute discretion, authorise the Secretary to postpone any general meeting called in accordance with the provisions of these Articles (other than a meeting requisitioned under Article 73 of these Articles or the postponement of which would be contrary to the Companies Acts, law or a court order pursuant to the Companies Acts) if the Board considers that, for any reason, it is impractical or unreasonable to hold the general meeting, provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Articles.

#### **NOTICE OF GENERAL MEETINGS**

77. Subject to the provisions of the Companies Acts allowing a general meeting to be called by shorter notice, an annual general meeting, and an extraordinary general meeting called for the passing of a Special Resolution, shall be called by at least twenty-one (21) clear days' notice and all other extraordinary general meetings shall be called by at least fourteen (14) clear days' notice. Such notice shall state the date, time, place of the meeting and, in the case of an extraordinary general meeting, the general nature of the business to be considered. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify such other details as are required by applicable law or the relevant code, rules and regulations applicable to the listing of the Shares on the Exchange.
78. A general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if applicable law so permits and it is so agreed by the Auditors and by all the Members entitled to attend and vote thereat or their proxies.
79. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a Special Resolution shall specify the intention to propose the resolution as a Special Resolution. Notice of every general meeting shall be given in any manner permitted by these Articles to all Members other than such as, under the provisions
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hereof or the terms of issue of the Shares they hold, are not entitled to receive such notice from the Company.

80. There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of her and that any proxy need not be a Member of the Company.
81. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.
82. In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting. A Member present, either in person or by proxy, at any general meeting of the Company or of the holders of any class of Shares in the Company, will be deemed to have received notice of that meeting and, where required, of the purpose for which it was called.

#### **PROCEEDINGS AT GENERAL MEETINGS**

83. All business shall be deemed special that is transacted at an extraordinary general meeting, and also that is transacted at an annual general meeting, with the exception of:
- (a) the consideration of the Company's statutory financial statements and the report of the directors and the report of the statutory auditors on those statements and that report;
  - (b) the review by the members of the Company's affairs;
  - (c) the declaration of a dividend (if any) of an amount not exceeding the amount recommended by the directors;
  - (d) the authorisation of the directors to approve the remuneration of the statutory auditors; and
  - (e) the election and re-election of directors.
84. No business shall be transacted at any general meeting unless a quorum is present. One or more Members present in person or by proxy holding not less than a majority of the issued and outstanding Shares of the Company entitled to vote at the meeting in question shall be a quorum.
85. If within one hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Board may determine and if at the adjourned meeting a quorum is not present within one hour from the time appointed for the meeting the Members present shall be a quorum.
86. If the Board wishes to make this facility available to Members for a specific or all general meetings of the Company, a Member may participate in any general meeting of the Company, by means of a telephone, video, electronic or similar communication equipment by way of which all persons participating in such meeting can communicate with each other
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simultaneously and instantaneously and such participation shall be deemed to constitute presence in person at the meeting.

87. Each Director and the Auditors shall be entitled to attend and speak at any general meeting of the Company.
88. The Chairman, if any, of the Board, and, if the Chairman is not present, such officer or other person as the Board shall designate, shall preside as chairman at every general meeting of the Company.
89. The Chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished, or which might have been transacted, at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.
- 90.1 Subject to the Companies Acts, a resolution may only be put to a vote at a general meeting of the Company or of any class of Members if:
- (a) it is proposed by or at the direction of the Board; or
  - (b) it is proposed at the direction of the Court; or
  - (c) it is proposed on the requisition in writing of such number of Members as is prescribed by, and is made in accordance with, the Companies Acts;
  - (d) it is proposed pursuant to, and in accordance with the procedures and requirements of, Articles 98 or 99; or
  - (e) the Chairman of the meeting in her absolute discretion decides that the resolution may properly be regarded as within the scope of the meeting.
- 90.2 No amendment may be made to a resolution, at or before the time when it is put to a vote, unless the Chairman of the meeting in her absolute discretion decides that the amendment or the amended resolution may properly be put to a vote at that meeting.
- 90.3 If the Chairman of the meeting rules a resolution or an amendment to a resolution admissible or out of order (as the case may be), the proceedings of the meeting or on the resolution in question shall not be invalidated by any error in her ruling. Any ruling by the Chairman of the meeting in relation to a resolution or an amendment to a resolution shall be final and conclusive.
91. Except where a greater majority is required by the Companies Acts or these Articles or any applicable law or regulation to which the Company is subject, any question proposed for a decision of the Members at any general meeting of the Company or a decision of any class of
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Members at a separate meeting of any class of Shares shall be decided by an Ordinary Resolution.

92. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The Board or the Chairman may determine the manner in which the poll is to be taken and the manner in which the votes are to be counted.
93. A poll demanded on the election of the Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time, not being more than ten (10) days from the date of the meeting or adjourned meeting at which the vote was taken, as the Chairman of the meeting directs, and any business other than that on which a poll has been demanded may be proceeded with pending the taking of the poll.
94. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. On a poll a Member entitled to more than one (1) vote need not use all her votes or cast all the votes she uses in the same way.
95. If authorised by the Board, any vote taken by written ballot may be satisfied by a ballot submitted by electronic or telephonic transmission, provided that any such electronic or telephonic submission must either set forth or be submitted with information from which it can be determined that the electronic submission has been authorised by the Member or proxy.
96. The Board may, and at any general meeting, the chairman of such meeting may make such arrangement and impose any requirement or restriction it or she considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with such arrangements, requirements or restrictions.
97. Subject to the Companies Acts, a resolution in writing signed by all of the Members for the time being entitled to attend and vote on such resolution at a general meeting (or being bodies corporate by their duly authorised representatives) shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held, and may consist of several documents in like form each signed by one or more persons, and if described as a special resolution shall be deemed to be a special resolution within the meaning of the Companies Acts. Any such resolution shall be served on the Company.

#### **NOMINATIONS OF DIRECTORS**

98. Nominations of persons for election to the Board (other than Directors to be nominated by any series of preferred shares, voting separately as a class) at a general meeting may only be made (a) pursuant to the Company's notice of meeting pursuant to Article 77 at the recommendation of the Board, (b) by or at the direction of the Board or any authorised committee thereof or (c) by any Member who (i) complies with the notice procedures set forth in Articles 99 or 100, as applicable, (ii) was a Member at the time such notice is delivered to the Secretary and on the record date for the determination of Members entitled to vote at such general meeting and (iii) is present at the relevant general meeting, either in person or by proxy, to present her nomination, provided, however, that Members shall only be entitled to nominate persons for election to the Board at annual general meetings or at general meetings called specifically for the purpose of electing Directors.
  99. For nominations of persons for election to the Board (other than Directors to be nominated by any series of preferred shares, voting separately as a class) to be properly brought before an
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annual general meeting by a Member, such annual general meeting must have been called for the purpose of, among other things, electing Directors and such Member must have given timely notice thereof in writing to the Secretary. To be timely, a Member's notice shall be delivered to the Secretary at the registered office of the Company, or such other Address as the Secretary may designate, not less than one hundred and twenty (120) days nor more than one hundred and eighty (180) days prior to the first anniversary of the date the Company's proxy statement was first released to Members in connection with the prior year's annual general meeting; provided, however, that in the event the date of the annual general meeting is changed by more than thirty (30) days from the first anniversary date of the prior year's annual general meeting, notice by the Member to be timely must be so delivered not earlier than the one hundred and eightieth (180 th ) day prior to such annual general meeting and not later than the later of the one hundred and twentieth (120 th ) day prior to such annual general meeting or the tenth (10 th ) day following the day on which public announcement of the date of such meeting is first made. Such Member's notice shall set forth (a) as to each person whom the Member proposes to nominate for election or re-election as a Director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 of the United States of America, as amended (the " Exchange Act "), or any successor provisions thereto, including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director of the Company if elected and (b) as to the Member giving the notice (i) the name and Address of such Member, as they appear on the Register of Members, (ii) the class and number of Shares that are owned beneficially and/or of record by such Member, (iii) a representation that the Member is a registered holder of Shares entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination and (iv) a statement as to whether the Member intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding share capital required to approve or elect the nominee and/or (xi) otherwise to solicit proxies from Members in support of such nomination. The Board may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a Director of the Company, including such evidence satisfactory to the Board that such nominee has no interests that would limit such nominee's ability to fulfil her duties as a Director.

100. For nominations of persons for election to the Board (other than directors to be nominated by any series of preferred shares, voting separately as a class) to be properly brought before a general meeting called for the purpose of the election of Directors, other than an annual general meeting by a Member, such Member must have given timely notice thereof in writing to the Secretary. To be timely, a Member's notice shall be delivered to the Secretary at the registered office of the Company or such other Address as the Secretary may designate, not earlier than the one hundred and eightieth (180 th ) day prior to such general meeting and not later of the one hundred and twentieth (120 th ) day prior to such general meeting or the tenth (10 th ) day following the day on which public announcement is first made of the date of the general meeting and of the nominees proposed by the Board to be elected at such meeting. Such Member's notice shall set forth the same information as is required by provisions (a) and (b) of Article 99.
  101. Subject to the Companies Acts, unless otherwise provided by the terms of any series of preferred shares or any agreement among Members or other agreement approved by the Board, only persons who are nominated in accordance with the procedures set forth in Articles 99 and 100 shall be eligible to serve as Directors of the Company. If the Chairman of a general meeting determines that a proposed nomination was not made in compliance with Articles 99 and 100, she shall declare to the meeting that nomination is defective and such defective nomination shall be disregarded. Notwithstanding the foregoing provisions of these Articles,
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if the Member (or a qualified representative of the Member) does not appear at the general meeting to present her nomination, such nomination shall be disregarded.

#### **VOTES OF MEMBERS**

102. Subject to any rights or restrictions for the time being attached to any class or classes of Shares, every Member of record present in person or by proxy shall have one vote for each Share registered in her name in the Register of Members.
103. In the case of joint holders of record the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
104. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote by her committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.
105. No Member shall be entitled to vote at any general meeting unless she is registered as a Member on the record date for such meeting.
106. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.
107. Votes may be given either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting and may appoint one proxy to vote both in favour of and against the same resolution in such proportion as specified in the instrument appointing the proxy.

#### **PROXIES AND CORPORATE REPRESENTATIVES**

- 108.1 Every Member entitled to attend and vote at a general meeting may appoint a proxy to attend, speak and vote on her behalf and may appoint more than one proxy to attend, speak and vote at the same meeting. The appointment of a proxy or corporate representative shall be in such form consistent with the Act and may be accepted by the Company at such place and at such time as the Board or the Secretary shall from time to time determine, subject to applicable requirements of the United States Securities and Exchange Commission and the Exchange on which the Shares are listed. No such instrument appointing a proxy or corporate representative shall be voted or acted upon after two (2) years from its date.
  - 108.2 Without limiting the foregoing, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic or internet communication or facility and may in a similar manner permit supplements to, or amendments or revocations of, any such electronic or internet communication or facility to be made. The Directors may in addition prescribe the method of determining the time at which any such electronic or internet communication or facility is to be treated as received by the Company. The Directors may treat any such electronic or internet communication or facility which purports to be or is expressed to be sent on behalf of a Member as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that Member.
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109. Any body corporate which is a Member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which she represents as that body corporate could exercise if it were an individual Member of the Company. The Company may require evidence from the body corporate of the due authorisation of such person to act as the representative of the relevant body corporate.
110. An appointment of proxy relating to more than one meeting (including any adjournment thereof) having once been received by the Company for the purposes of any meeting shall not require to be delivered, deposited or received again by the Company for the purposes of any subsequent meeting to which it relates.
111. Receipt by the Company of an appointment of proxy in respect of a meeting shall not preclude a Member from attending and voting at the meeting or at any adjournment thereof which attendance and voting will automatically cancel any proxy previously submitted.
112. An appointment proxy shall be valid, unless the contrary is stated therein, as well for any adjournment of the meeting as for the meeting to which it relates.
- 113.1 A vote given in accordance with the terms of an appointment of proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal, or the revocation of the appointment of proxy or of the authority under which the proxy was appointed or of the resolution authorising the representative to act or transfer of the Share in respect of which the proxy was appointed or the authorisation of the representative to act was given, provided that no intimation in writing (whether in electronic form or otherwise) of such death, insanity, revocation or transfer shall have been received by the Company at the Office, before the commencement of the meeting or adjourned meeting at which the appointment of proxy is used or at which the representative acts; PROVIDED, HOWEVER, that where such intimation is given in electronic form it shall have been received by the Company before the commencement of the meeting.
- 113.2 The Directors may send, at the expense of the Company, by post, electronic mail or otherwise, to the Members forms for the appointment of a proxy (with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative.

#### **DIRECTORS**

114. The Board may determine the size of the Board from time to time at its absolute discretion.
115. The remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine. Such remuneration shall be deemed to accrue from day to day. The Directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Board from time to time, or a combination partly of one such method and partly the other.
116. The Board may approve additional remuneration to any Director undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than her ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor
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to the Company, or otherwise serves it in a professional capacity shall be in addition to her remuneration as a Director.

#### **DIRECTORS' AND OFFICERS' INTERESTS**

117. A Director or an officer of the Company who is in any way, whether directly or indirectly, interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company shall, in accordance with the Companies Acts, declare the nature of her interest at the first opportunity either (a) at a meeting of the Board at which the question of entering into the contract, transaction or arrangement is first taken into consideration, if the Director or officer of the Company knows this interest then exists, or in any other case, at the first meeting of the Board after learning that she is or has become so interested or (b) by providing a general notice to the Directors declaring that she is a director or an officer of, or has an interest in, a person and is to be regarded as interested in any transaction or arrangement made with that person, and after giving such general notice it shall not be necessary to give special notice relating to any particular transaction.
- (a) A Director may hold any other office or place of profit under the Company (other than the office of its Auditors) in conjunction with her office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine.
  - (b) A Director may use the property of the Company pursuant to or in connection with: the exercise or performance of his or her duties, functions and powers as Director or employee; the terms of any contract of service or employment or letter of appointment; and, or in the alternative, any other usage authorised by the Directors (or a person authorised by the Directors) from time to time; and including in each case for a Director's own benefit or for the benefit of another person.
  - (c) As recognised by section 228(1)(e) of the Companies Act 2014, the directors may agree to restrict their power to exercise an independent judgment but only where this has been expressly approved by a resolution of the board of directors of the Company.
119. A Director may act by himself or her firm in a professional capacity for the Company (other than as its Auditors) and she or her firm shall be entitled to remuneration for professional services as if she were not a Director.
120. A Director may be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or Member of any other company or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by her as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or Member of such other company; provided that she has declared the nature of her position with, or interest in, such company to the Board in accordance with Article 117.
121. No person shall be disqualified from the office of Director or from being an officer of the Company or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or officer of the Company shall be in any way interested be or be liable to be avoided, nor shall any Director or officer of the
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Company so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director or officer of the Company holding office or of the fiduciary relation thereby established; provided that:

- 121.1 she has declared the nature of her interest in such contract or transaction to the Board in accordance with Article 117; and
  - 121.2 the contract or transaction is approved by a majority of the disinterested Directors, notwithstanding the fact that the disinterested Directors may represent less than a quorum.
122. A Director may be counted in determining the presence of a quorum at a meeting of the Board which authorises or approves the contract, transaction or arrangement in which she is interested and she shall be at liberty to vote in respect of any contract, transaction or arrangement in which she is interested, provided that the nature of the interest of any Director in any such contract or transaction shall be disclosed by her in accordance with Article 117, at or prior to its consideration and any vote thereon.
123. For the purposes of Article 117:
- 123.1 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;
  - 123.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect her to have knowledge shall not be treated as an interest of her; and
  - 123.3 a copy of every declaration made and notice given under Article 117 shall be entered within three (3) days after the making or giving thereof in a book kept for this purpose. Such book shall be open for inspection without charge by any Director, Secretary, the Auditors or Member of the Company at the registered office and shall be produced at every general meeting of the Company and at any meeting of the Directors if any Director so requests in sufficient time to enable the book to be available at the meeting.

#### **POWERS AND DUTIES OF DIRECTORS**

124. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not, by the Companies Acts or by these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these Articles and to the provisions of the Companies Acts. No resolution made by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.
125. The Board shall have the power to appoint and remove executives in such terms as the Board sees fit and to give such titles and responsibilities to those executives as it sees fit.
126. The Company may have, for use in any place abroad, an official seal.
127. Subject as otherwise provided with these Articles, the Directors may exercise the voting powers conferred by shares of any other company held or owned by the Company in such manner in all respects as they think fit and in particular they may exercise their voting powers in favour of any resolution appointing the Directors or any of them as directors or officers of such other
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company or providing for the payment of remuneration or pensions to the directors or officers of such other company.

128. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall from time to time by resolution determine.
129. The Directors may from time to time authorise such person or persons as they see fit to perform all acts, including without prejudice to the foregoing, to effect a transfer of any shares, bonds, or other evidences of indebtedness or obligations, subscription rights, warrants, and other securities in another body corporate in which the Company holds an interest and to issue the necessary powers of attorney for the same; and each such person is authorised on behalf of the Company to vote such securities, to appoint proxies with respect thereto, and to execute consents, waivers and releases with respect thereto, or to cause any such action to be taken.
130. The Board may exercise all powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds or such other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
131. The Directors may procure the establishment and maintenance of or participate in, or contribute to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors or other officers) who are or shall have been at any time in the employment or service of the Company or of any company which is or was a subsidiary of the Company or of the predecessor in business of the Company or any such subsidiary or holding company and the wives, widows, families, relatives or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well being of the Company or of any such other company as aforesaid or its Members, and payments for or towards the issuance of any such persons as aforesaid and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. Provided that any Director shall be entitled to retain any benefit received by her under this Article, subject only, where the Companies Acts require, to disclosure to the Members and the approval of the Company in general meeting.
132. The Board may from time to time provide for the management of the affairs of the Company in such manner as it shall think fit and the specific delegation provisions contained in the Articles shall not limit the general powers conferred by these Articles.

#### **MINUTES**

133. The Board shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Board, all resolutions and proceedings at meetings of the Company or the holders of any class of Shares, of the Directors and of committees of Directors, including the names of the Directors present at each meeting.

#### **DELEGATION OF THE BOARD'S POWERS**

134. The Board may delegate any of its powers (with power to sub-delegate) to any committee consisting of one or more Directors. The Board may also delegate to any Director such of its powers as it considers desirable to be exercised by her. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion
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of its own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee of the Board shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

135. The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of its own powers and may be revoked by the Board at any time.
136. The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in her.

#### **EXECUTIVE OFFICERS**

137. The Company shall have a chairman, who shall be a Director and shall be elected by the Board. In addition to the chairman, the Directors and the Secretary, the Company may have such officers as the Board may from time to time determine.

#### **PROCEEDINGS OF DIRECTORS**

138. Except as otherwise provided by these Articles, the Directors shall meet together for the despatch of business, convening, adjourning and otherwise regulating their meetings and procedures as they think fit. Questions arising at any meeting shall be decided by a majority of votes of the Directors present at a meeting at which there is a quorum. Each Director shall have one vote.
139. Regular meetings of the Board may be held at such times and places as may be provided for in resolutions adopted by the Board. No additional notice of a regularly scheduled meeting of the Board shall be required.
140. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors by at least forty-eight (48) hours' notice in writing to every Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors either at, before or after the meeting is held and provided further if notice is given in person, by telephone, cable, telex, telecopy or email the same shall be deemed to have been given on the day it is delivered to the Directors or transmitting organisation as the case may be. The accidental omission to give notice of a meeting of the Directors to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.
141. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be a majority of the Directors in office.
142. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of
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increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

143. The Directors may elect a Chairman of their Board and determine the period for which she is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be a Chairman of the meeting.
144. All acts done by any meeting of the Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director.
145. Members of the Board or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the Chairman is at the start of the meeting.
146. A resolution in writing (in one or more counterparts), signed by all the Directors for the time being or all the members of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee as the case may be duly convened and held.

#### **RESIGNATION AND DISQUALIFICATION OF DIRECTORS**

147. The office of a Director shall be vacated:
- 147.1 if she resigns her office, on the date on which notice of her resignation is delivered to the Registered Office or tendered at a meeting of the Board or on such later date as may be specified in such notice; or
  - 147.2 on her being prohibited by law from being a Director; or
  - 147.3 on her ceasing to be a Director by virtue of any provision of the Companies Acts.
148. The Company may, by Ordinary Resolution, in accordance with the Companies Acts, remove any Director before the expiration of her period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between her and the Company.

#### **APPOINTMENT OF DIRECTORS**

149. Until the close of the 2024 annual general meeting, the Directors shall be divided into three classes, designated Class I, Class II and Class III. Any allocation of the Directors into such classes shall be made by the decision of the affirmative vote of a majority of the Board then in office. The term of the Class I directors shall terminate on the date of the 2024 annual general meeting; the term of the Class II directors shall terminate on the date of the 2022 annual general meeting; and the term of the Class III directors shall terminate on the date of the 2023 annual general meeting. At each annual general meeting, beginning in 2022, each Director whose term expires at that annual general meeting shall be eligible for re-election for a one-year term. Save as otherwise permitted in these Articles, Directors will be elected by way of Ordinary Resolution of the Company in general meeting. In no case will a decrease in the number of Directors shorten the term of any incumbent Director. A Director shall hold office until the
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close of the annual general meeting for the year in which her or his term expires and until her or his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Any vacancy on the Board, including a vacancy that results from an increase in the number of Directors or from the death, resignation, retirement, disqualification or removal of a Director, shall be deemed a casual vacancy and, subject to the terms of any one or more classes or series of preferred shares (if any), shall only be filled by decision of a majority of the Board then in office. Until the 2024 annual general meeting, any Director appointed to fill a vacancy shall hold office for the same remaining term as that of the class that she has been designated in accordance with these Articles. After the 2024 annual general meeting, any Director appointed to fill a vacancy shall hold office until the next annual general meeting. A Director retiring from the Board at a general meeting shall retain office until the close or adjournment of such meeting.

150. During any vacancy in the Board, the remaining Directors shall have full power to act as the Board. If, at any general meeting of the Company, the number of Directors is reduced below the minimum prescribed by the Board in accordance with Article 114 due to the failure of any persons nominated to be Directors to be elected, then in those circumstances, the nominee or nominees who receive the highest number of votes in favour of election shall be elected in order to maintain the prescribed minimum number of Directors and each such Director shall remain a Director (subject to the provisions of the Companies Acts and these Articles) only until the conclusion of the next annual general meeting of the Company unless such Director is elected by the Members during such meeting.

151. The Company may by Ordinary Resolution appoint any person to be a Director.

#### **SECRETARY**

152. The Secretary shall be appointed by the Board at such remuneration (if any) and on such terms as it may think fit and any Secretary so appointed may be removed by the Board.

153. The duties of the Secretary shall be those prescribed by the Companies Acts, together with such other duties as shall from time to time be prescribed by the Board, and in any case, shall include the making and keeping of records of the votes, doings and proceedings of all meetings of the Members and the Board of the Company, and committees, and the authentication of records of the Company.

154. A provision of the Companies Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

#### **SEAL**

155. The Company may, if the Board so determines, have a Seal (including any official seals kept pursuant to the Companies Acts) which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that regard and every instrument to which the Seal has been affixed shall be signed by any person who shall be either a Director or the Secretary or Assistant Secretary or some other person authorised by the Board, either generally or specifically, for the purpose.

156. The Company may have for use in any place or places outside Ireland, a duplicate Seal or Seals each of which shall be a duplicate of the Seal of the Company except, in the case of a Seal for use in sealing documents creating or evidencing securities issued by the Company, for the addition on its face of the word "Securities" and if the Board so determines, with the addition on its face of the name of every place where it is to be used.

#### **DIVIDENDS, DISTRIBUTIONS AND RESERVES**

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157. The Company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the Directors.
158. Subject to the Companies Acts, the Board may from time to time declare dividends (including interim dividends) and distributions on Shares of the Company outstanding and authorise payment of the same out of the funds of the Company lawfully available therefor.
159. The Board may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it prudent not to divide.
160. No dividend, interim dividend or distribution shall be paid otherwise than in accordance with the provisions of the Companies Acts.
161. Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of Shares they shall be declared and paid according to the amounts paid or credited as paid on the Shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles.
162. The Directors may deduct from any dividend payable to any Member all sums of money (if any) immediately payable by her to the Company in relation to the Shares of the Company.
163. The Board or any general meeting declaring a dividend (upon the recommendation of the Board), may direct that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up Shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Board.
164. Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by cheque or warrant sent through the post, or sent by any electronic or other means of payment, directed to the registered Address of the holder or, in the case of joint holders, to the holder who is first named on the Register of Members or to such person and to such Address as such holder or joint holders may in writing direct. Every such cheque or warrant, electronic or other payment shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant shall be a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders. Any such dividend or other distribution may also be paid by any other method (including payment in a currency other than US\$, electronic funds transfer, direct debit, bank transfer or by means of a relevant system) which the Directors consider appropriate and any Member who elects for such method of payment shall be deemed to have accepted all of the risks inherent therein. The debiting of the Company's account in respect of the relevant amount shall be evidence of good discharge of the Company's obligations in respect of any payment made by any such methods.
165. No dividend or distribution shall bear interest against the Company.
166. If the Directors so resolve, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The
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payment by the Directors of any unclaimed dividend or other monies payable in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof.

### CAPITALISATION

167. Without prejudice to any powers conferred on the Directors as aforesaid, and subject to any authority granted to the Directors to issue and allot Shares, including, in accordance with the Companies Acts or under Article 9, the Directors or any duly appointed committee thereof may:
- 167.1 resolve to capitalise any amount standing to the credit of the reserves of the Company (including, but not limited to, the share premium account, capital redemption reserve, capital conversion reserve and profit and loss account), whether or not available for distribution, for any purpose, including, but not limited to, for the purposes of effecting any exchange of any rights and applying any such sum arising from such capitalisation to pay up any shares of the Company and allot them, credited as fully paid, to any holders of such rights;
  - 167.2 appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of Shares held by them respectively and apply that sum on their behalf in or towards paying up in full unissued Shares or debentures of a nominal amount equal to that sum, and allot the Shares or debentures, credited as fully paid, to the Members (or as the Board may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve, the capital conversion reserve and profits that are not available for distribution may, for the purposes of this Article 167, only be applied in paying up unissued Shares to be allotted to Members credited as fully paid;
  - 167.3 make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit;
  - 167.4 authorise a person to enter (on behalf of all the Members concerned) into an agreement with the Company providing for the allotment to the Members respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation and any such agreement made under this authority being effective and binding on all those Members; and
  - 167.5 generally do all acts and things required to give effect to the resolution.

### ACCOUNTS

168. The Directors shall cause the Company to keep adequate accounting records, which are sufficient to:
- (a) correctly record and explain the transactions of the Company;
  - (b) enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy;
  - (c) enable the Directors to ensure that any financial statements of the Company and any directors' report, required to be prepared under the Companies Acts, comply with the requirements of the Companies Acts and, where applicable, the IAS Regulation; and
  - (d) enable those financial statements of the Company to be audited.
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Accounting records shall be kept on a continuous and consistent basis and entries therein shall be made in a timely manner and be consistent from year to year in accordance with the Companies Acts.

169. The Company may send by post, electronic mail or any other means of electronic communication a summary financial statement to its Members or persons nominated by any Member. The Company may meet, but shall be under no obligation to meet, any request from any of its Members to be sent additional copies of its full report and accounts or summary financial statement or other communications with its Members. The Company may send a summary financial statement to its Members or persons nominated by any Member and the Company may meet, but shall be under no obligation to meet, any request from any of its Members to be sent additional copies of the documents required to be sent to Members by the Companies Acts or any summary financial statement or other communications with its Members.
170. The accounting records shall be kept at the registered office of the Company or, subject to the provisions of the Companies Acts, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.
171. Accounting records shall not be deemed to be kept as required by Articles 168 to 170, if there are not kept such accounting records as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
172. In accordance with the provisions of the Companies Acts, the Board may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.
- 173.1 The Company may send by post, electronic mail or any other means of electronic communication:
- (a) the Company's statutory financial statements,
  - (b) the directors' report, and
  - (c) the statutory auditors' report and copies of those documents shall also be treated for the purposes of the Companies Acts, as sent to a person where:
    - (i) the Company and that person have agreed to his or her having access to the documents on a website (instead of their being sent to him or her);
    - (ii) the documents are documents to which that agreement applies; and
    - (iii) that person is notified, in a manner for the time being agreed for the purpose between that person and the company, of —
      - (A) the publication of the documents on a website,
      - (B) the address of that website, and
      - (C) the place on that website where the documents may be accessed and how they may be accessed.
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- 173.2 The documents listed at 173.1 (a) to (c) shall be treated as sent to a person not less than 21 days before the date of a meeting if, and only if —
- (a) the documents are published on the website throughout a period beginning at least 21 days before the date of the meeting and ending with the conclusion of the meeting; and
  - (b) the notification given for the purposes of paragraph (c) is given not less than 21 days before the date of the meeting.

- 173.3 Nothing shall invalidate the proceedings of a meeting where—
- (a) any documents that are required to be published are published for a part, but not all, of the 21 day period mentioned above; and
  - (b) the failure to publish those documents throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the company to prevent or avoid.

- 173.4 Where copies of documents are sent out pursuant to this Article 173 over a period of days, references elsewhere in the Companies Act to the day on which those copies are sent out shall be read as references to the last day of that period.

#### **AUDIT**

174. Statutory auditors shall be appointed and their duties regulated in accordance with the Companies Acts or any statutory amendment thereof, any other applicable law and such requirements not inconsistent with the Companies Acts as the Board may from time to time determine.

#### **NOTICES**

175. Any notice to be given, served, sent or delivered pursuant to these Articles shall be in writing (whether in electronic form or otherwise).
- 175.1 A notice or document to be given, served, sent or delivered in pursuance of these Articles may be given to, served on or delivered to any Member by the Company:
- (a) by handing same to her authorised agent;
  - (b) by leaving the same at her registered address;
  - (c) by sending the same by the post in a pre-paid cover addressed to her at her registered address; or
  - (d) by sending, with the consent of the Member to the extent required by law, the same by means of electronic mail or other means of electronic communication approved by the Directors, to the Address of the Member notified to the Company by the Member for such purpose (or if not so notified, then to the Address of the Member last known to the Company).
- 175.2 For the purposes of these Articles and the Companies Acts, a document shall be deemed to have been sent to a Member if a notice is given, served, sent or delivered to the Member and the notice specifies the website or hotlink or other electronic link at or through which the Member may obtain a copy of the relevant document.
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- 175.3 Where a notice or document is given, served or delivered pursuant to sub-paragraph 175.1(a) or 175.1(b) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the Member or her authorised agent, or left at her registered address (as the case may be).
- 175.4 Where a notice or document is given, served or delivered pursuant to sub-paragraph 175.1(c) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of twenty-four (24) hours after the cover containing it was posted. In proving service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.
- 175.5 Where a notice or document is given, served or delivered pursuant to sub-paragraph 175.1(d) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of forty-eight (48) hours after despatch.
- 175.6 Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy, examiner or liquidator of a Member shall be bound by a notice given as aforesaid if sent to the last registered address of such Member, or, in the event of notice given or delivered pursuant to sub-paragraph 175.1(d) of this Article, if sent to the address notified by the Company by the Member for such purpose notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such Member.
- 175.7 Notwithstanding anything contained in this Article, the Company shall not be obliged to take account of or make any investigations as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction.
- 175.8 Any requirement in these Articles for the consent of a Member in regard to the receipt by such Member of electronic mail or other means of electronic communications approved by the Directors, including the receipt of the Company's audited accounts and the Directors' and statutory auditor's reports thereon, shall be deemed to have been satisfied where the Company has written to the Member informing her/him of its intention to use electronic communications for such purposes and the Member has not, within four (4) weeks of the issue of such notice, served an objection in writing on the Company to such proposal. Where a Member has given, or is deemed to have given, her/his consent to the receipt by such Member of electronic mail or other means of electronic communications approved by the Directors, she may revoke such consent at any time by requesting the Company to communicate with her in documented form; provided, however, that such revocation shall not take effect until five (5) days after written notice of the revocation is received by the Company.
- 175.9 Without prejudice to the provisions of sub-paragraphs 175.1(a) and 175.1(b) of this Article, if at any time by reason of the suspension or curtailment of postal services in any territory, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a public announcement (as defined below) and such notice shall be deemed to have been duly served on all Members entitled thereto at noon (New York time) on the day on which the said public announcement is made. In any such case the Company shall put a full copy of the notice of the general meeting on its website. A "public announcement" shall mean disclosure in a press release reported by a financial news service or in a document publicly filed by the Company with the U.S. Securities and Exchange Commission pursuant to section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.
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176. Notice may be given by the Company to the joint Members of a Share by giving the notice to the joint Member whose name stands first in the Register in respect of the Share and notice so given shall be sufficient notice to all the joint Members.
- 177.1 Every person who becomes entitled to a Share shall before her name is entered in the Register in respect of the Share, be bound by any notice in respect of that Share which has been duly given to a person from whom she derives her title.
- 177.2 A notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a Member, addressed to them at the Address, if any, supplied by them for that purpose. Until such an Address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.
178. A Member present, either in person or by proxy, at any meeting of the Company or the Holders of any class of Shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

#### UNTRACED HOLDERS

- 179.1 The Company shall be entitled to sell at the best price reasonably obtainable any Share or stock of a Member or any Share or stock to which a person is entitled by transmission if and provided that:
- (a) for a period of twelve (12) years (not less than three (3) dividends having been declared and paid) no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the Member or to the person entitled by transmission to the Share or stock at her Address on the Register or other last known Address given by the Member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Member or the person entitled by transmission; and
  - (b) at the expiration of the said period of twelve (12) years the Company has given notice by advertisement in a leading Dublin newspaper and a newspaper circulating in the area in which the Address referred to in paragraph (a) of this Article is located of its intention to sell such Share or stock; and
  - (c) the Company has not during the further period of three (3) months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Member or person entitled by transmission.
- 179.2 To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such Share or stock and such instrument of transfer shall be as effective as if it had been executed by the Member or person entitled by transmission to such Share or stock. The Company shall account to the Member or other person entitled to such Share or stock for the net proceeds of such sale by carrying all monies in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such Member or other person. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments (other
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than Shares of the Company or its holding company if any) as the Directors may from time to time think fit.

#### **DESTRUCTION OF DOCUMENTS**

180. The Company may destroy:
- 180.1 any dividend mandate or any variation or cancellation thereof or any notification of change of name or address, at any time after the expiry of two (2) years from the date such mandate variation, cancellation or notification was recorded by the Company;
  - 180.2 any instrument of transfer of Shares which has been registered, at any time after the expiry of six (6) years from the date of registration; and
  - 180.3 any other document on the basis of which any entry in the Register was made, at any time after the expiry of six (6) years from the date an entry in the Register was first made in respect of it;
  - 180.4 and it shall be presumed conclusively in favour of the Company that every share certificate (if any) so destroyed was a valid certificate duly and properly sealed and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided always that:
    - (a) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
    - (b) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (a) above are not fulfilled; and
    - (c) references in this Article to the destruction of any document include references to its disposal in any manner.

#### **WINDING UP**

181. If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the Shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Shares held by them respectively. Provided that this Article shall not affect the rights of the Members holding Shares issued upon special terms and conditions.
- 181.1 In case of a sale by the liquidator under section 601 of the Companies Act 2014, the liquidator may by the contract of sale agree so as to bind all the Members for the allotment to the Members directly of the proceeds of sale in proportion to their respective interests in the Company and may further by the contract limit a time at the expiration of which obligations or Shares not accepted or required to be sold shall be deemed to have been
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irrevocably refused and be at the disposal of the Company, but so that nothing herein contained shall be taken to diminish, prejudice or affect the rights of dissenting Members conferred by the said section 601.

- 181.2 The power of sale of the liquidator shall include a power to sell wholly or partially debentures, debenture stock, or other obligations of another company, either then already constituted or about to be constituted for the purpose of carrying out the sale.
182. If the Company is wound up, the liquidator, with the sanction of a Special Resolution and any other sanction required by the Companies Acts, may divide among the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not), and, for such purpose, may value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, she determines, but so that no Member shall be compelled to accept any assets upon which there is a liability.

#### INDEMNITY

- 183.
- 183.1 Subject to the provisions of and so far as may be admitted by the Companies Acts, every Director and Secretary shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by her in the execution and discharge of her duties or in relation thereto including any liability incurred by her in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by her as an officer or employee of the Company and in which judgement is given in her favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on her part) or in which she is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to her by the Court.
- 183.2 As far as permissible under the Companies Acts, the Company shall indemnify any current or former executive of the Company (excluding any Directors or Secretary) or any person who is serving or has served at the request of the Company as a director, executive or trustee of another company, joint venture, trust or other enterprise against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by her in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Company, to which she, or she was, is, or is threatened to be made a party by reason of the fact that she, or she is or was such a director, executive or trustee, provided always that the indemnity contained in this Article 183.2 shall not extend to any matter which would render it void pursuant to the Companies Acts.
- 183.3 In the case of any threatened, pending or completed action, suit or proceeding by or in the right of the Company, the Company shall indemnify each person indicated in Article 183.2 of this Article against expenses, including attorneys' fees, actually and reasonably incurred in connection with the defence or the settlement thereof, except no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for fraud or dishonesty in the performance of her duty to the Company unless and only to the extent that the Court or the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court shall deem proper.
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- 183.4 As far as permissible under the Companies Acts, expenses, including attorneys' fees, incurred in defending any action, suit or proceeding referred to in Articles 183.2 and 183.3 of this Article may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorised by the Board in the specific case upon receipt of an undertaking by or on behalf of the director, executive or trustee, or other indemnitee to repay such amount, unless it shall ultimately be determined that she is entitled to be indemnified by the Company as authorised by these Articles.
- 183.5 It being the policy of the Company that indemnification of the persons specified in this Article shall be made to the fullest extent permitted by law, the indemnification provided by this Article shall not be deemed exclusive (a) of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Memorandum, Articles, any agreement, any insurance purchased by the Company, any vote of Members or disinterested Directors, or pursuant to the direction (however embodied) of any court of competent jurisdiction, or otherwise, both as to action in her official capacity and as to action in another capacity while holding such office, or (b) of the power of the Company to indemnify any person who is or was an employee or agent of the Company or of another company, joint venture, trust or other enterprise which she is serving or has served at the request of the Company, to the same extent and in the same situations and subject to the same determinations as are hereinabove set forth with respect to a director, executive or trustee. As used in this paragraph (b), references to the "**Company**" include all constituent companies in a consolidation or merger in which the Company or a predecessor to the Company by consolidation or merger was involved. The indemnification provided by this Article shall continue as to a person who has ceased to be a director, executive or trustee and shall inure to the benefit of the heirs, executors, and administrators of such a person.
- 183.6 The Directors shall have power to purchase and maintain for any Director, the Secretary or other officers or employees of the Company insurance against any such liability as referred to in the Companies Acts or otherwise.
- 183.7 The Company may additionally indemnify any employee or agent of the Company or any director, executive, employee or agent of any of its subsidiaries to the fullest extent permitted by law.

#### **FINANCIAL YEAR**

184. The financial year of the Company shall be as prescribed by the Board from time to time.

#### **SHAREHOLDER RIGHTS PLAN**

185. The Board is hereby expressly authorised to adopt any Shareholder Rights Plan, upon such terms and conditions as the Board deems expedient and in the best interests of the Company, subject to applicable law, including the grant of rights (including approving the execution of any documents relating to the grant of such rights) to subscribe for ordinary shares or preferred shares in the share capital of the Company in accordance with the terms of any Shareholder Rights Plan. The Directors or any duly appointed committee thereof may effect an exchange of rights in accordance with such Shareholder Rights Plan.
-

WE, the several persons whose names, addresses and descriptions are subscribed, wish to be formed into a Company in pursuance of this memorandum of association, and we agree to take the number of Shares in the capital of the Company set opposite our respective names.

Names, addresses and descriptions  
of subscribers

Number of Shares taken  
by each subscriber

Goodbody Subscriber One Limited  
International Financial Services Centre  
North Wall Quay  
Dublin 1

One ordinary share of US\$0.01

Limited liability company

Dated the 29 day of April 2011

Witnesses to the above signatures:

Name: Isabel Hyde  
Trainee Solicitor

Address: A&L Goodbody  
IFSC,  
North Wall Quay,  
Dublin 1

**Summary of Agreement**

On April 29, 2021, Alkermes plc (the “Company”) and Sarissa Capital Offshore Master Fund LP (together with its affiliates and associates, “Sarissa Capital”) reached an agreement pursuant to which the Company has granted Sarissa Capital a right to designate one director for appointment to the Company’s board of directors (the “Board”) from a predetermined list of candidates identified by Sarissa Capital. This right is exercisable between October 30, 2021 and February 28, 2022. In connection with this agreement, Sarissa Capital withdrew its notice to the Company, dated as of December 4, 2020, nominating a director candidate for election to the Board at the Company’s 2021 annual general meeting of shareholders.



## CERTIFICATIONS

I, Richard F. Pops, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alkermes plc;
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.

By: /s/ Richard F. Pops  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

Date: July 28, 2021

## CERTIFICATIONS

I, Iain M. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alkermes plc;
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.

By: /s/ Iain M. Brown  
Senior Vice President, Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Date: July 28, 2021

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

In connection with the Quarterly Report on Form 10-Q of Alkermes plc (the "Company") for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Richard F. Pops, Chairman and Chief Executive Officer of the Company, and Iain M. Brown, Senior Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

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

By: /s/ Richard F. Pops  
Richard F. Pops

Chairman and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Iain M. Brown  
Iain M. Brown

Senior Vice President, Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Date: July 28, 2021