# Alkermes plc Reports Second Quarter 2024 Financial Results

July 24, 2024

*— Second Quarter Revenues of $399.1 Million —*

*— Net Sales of Proprietary Products Increased Approximately 16% Year-Over-Year —*

*— GAAP Net Income from Continuing Operations of $94.7 Million and Diluted GAAP Earnings per Share from Continuing Operations of $0.55 —*

*— Company Reiterates 2024 Financial Expectations —*

DUBLIN, July 24, 2024 /PRNewswire/ -- Alkermes plc (Nasdaq: ALKS) today reported financial results for the second quarter of 2024.

"Our second quarter results reflect solid execution across our business, delivering double-digit, year-over-year growth for our proprietary commercial product portfolio and robust profitability. We enter the second half of the year in a strong financial position with clear operational priorities to drive the performance of our commercial portfolio and advance our neuroscience development pipeline, including the phase 2 program for ALKS 2680 in narcolepsy type 1 and type 2," said Richard Pops, Chief Executive Officer of Alkermes. "As a profitable, smid-cap biotech growth company with multiple commercial products and a development pipeline with significant value potential, we are executing our plan to become a leader in the field of neuroscience."

## Key Financial Highlights

### Revenues

| *(In millions)* | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Total Revenues | $ 399.1 | $ 617.4* | $ 749.5 | $ 905.0* |
| Total Proprietary Net Sales | $ 269.3 | $ 231.5 | $ 502.8 | $ 446.2 |
| VIVITROL® | $ 111.9 | $ 102.1 | $ 209.5 | $ 198.7 |
| ARISTADA®i | $ 86.0 | $ 82.4 | $ 164.9 | $ 162.5 |
| LYBALVI® | $ 71.4 | $ 47.0 | $ 128.4 | $ 85.0 |

### Profitability

| *(In millions)* | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| GAAP Net Income From Continuing Operations | $ 94.7 | $ 279.1 | $ 133.6 | $ 267.1 |
| *GAAP Net Loss From Discontinued Operations* | *$ (3.3)* | *$ (42.0)* | *$ (5.4)* | *$ (71.8)* |
| GAAP Net Income | $ 91.4 | $ 237.1* | $ 128.2 | $ 195.2* |
| | | | | |
| Non-GAAP Net Income From Continuing Operations | $ 123.4 | $ 134.3 | $ 199.6 | $ 164.4 |
| *Non-GAAP Net Loss From Discontinued Operations* | *$ (3.3)* | *$ (40.0)* | *$ (5.4)* | *$ (67.7)* |
| Non-GAAP Net Income | $ 120.1 | $ 94.3 | $ 194.2 | $ 96.7 |
| | | | | |
| EBITDA From Continuing Operations | $ 118.6 | $ 299.1 | $ 170.1 | $ 306.2 |
| *EBITDA From Discontinued Operations* | *$ (3.9)* | *$ (41.4)* | *$ (6.4)* | *$ (77.4)* |
| EBITDA | $ 114.7 | $ 257.7* | $ 163.7 | $ 228.9* |

*As a result of the successful resolution of the arbitration with Janssen Pharmaceutica N.V., the three months ended June 30, 2023 included approximately $245.5 million of back royalties (and related interest) related to U.S. net sales of long-acting INVEGA® products (consisting of $195.4 million for 2022 and $50.1 million for the first quarter of 2023) that would ordinarily have been recognized in prior periods.

## Revenue Highlights

### LYBALVI

- Revenues for the quarter were $71.4 million.
- Revenues and total prescriptions for the quarter grew 52% and 44%, respectively, compared to the second quarter of

2023.

**ARISTADA**[i]

- Revenues for the quarter were $86.0 million.
- New to brand prescriptions for the quarter grew 6% sequentially compared to the first quarter of 2024.

**VIVITROL**

- Revenues for the quarter were $111.9 million.
- Revenues for the quarter grew 10% compared to the second quarter of 2023, driven by the alcohol dependence indication.

**Manufacturing & Royalty Revenues**

- Royalty revenues from INVEGA SUSTENNA®/XEPLION®, INVEGA TRINZA®/TREVICTA® and INVEGA HAFYERA®/BYANNLI® for the quarter were $78.7 million.
- VUMERITY® manufacturing and royalty revenues for the quarter were $35.2 million.

**Key Operating Expenses**

Please see Note 1 below for details regarding discontinued operations.

| *(In millions)* | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| R&D Expense – Continuing Operations | $ 59.6 | $ 68.2 | $ 127.3 | $ 132.0 |
| *R&D Expense – Discontinued Operations* | *$ 3.9* | *$ 32.6* | *$ 6.4* | *$ 62.4* |
| SG&A Expense – Continuing Operations | $ 168.1 | $ 195.8 | $ 347.9 | $ 363.6 |
| *SG&A Expense – Discontinued Operations* | *$ -* | *$ 9.5* | *$ -* | *$ 16.1* |

**Balance Sheet**

At June 30, 2024, the company recorded cash, cash equivalents and total investments of $962.5 million, compared to $807.8 million at March 31, 2024. The company's total debt outstanding as of June 30, 2024 was $289.5 million.

**Share Repurchase Program**

During the second quarter of 2024, the company repurchased approximately 3.5 million of the company's ordinary shares under the share repurchase program authorized in February 2024, at a total purchase price of $84.7 million. As of June 30, 2024, the company had $315.3 million (exclusive of any fees, commissions or other expenses related to such repurchases) remaining under the program.

**Financial Expectations for 2024**

Alkermes reiterates its financial expectations for 2024, as set forth in its press release dated Feb. 15, 2024.

**Recent Events**

- In April 2024, the company announced positive topline results from the narcolepsy type 2 and idiopathic hypersomnia cohorts in its phase 1b proof-of-concept study evaluating ALKS 2680, the company's novel, investigational, oral orexin 2 receptor (OX2R) agonist in development as a once-daily treatment for narcolepsy.
- In April 2024, the company announced initiation of its Vibrance-1 phase 2 study of ALKS 2680 in patients with narcolepsy type 1.
- In May 2024, the company completed the sale of its development and manufacturing facility in Athlone, Ireland to Novo Nordisk. Alkermes received a cash payment for the facility and certain related assets of approximately $91 million.
- In May and June 2024, the company presented research related to its psychiatry franchise products—LYBALVI (olanzapine and samidorphan) and ARISTADA (aripiprazole lauroxil)—at several scientific conferences. The conferences included: American Psychiatric Association (APA) Annual Meeting, American Society of Clinical Psychopharmacology (ASCP) Annual Meeting, and Psych Congress Elevate.
- In June 2024, the company presented new research related to ALKS 2680 and narcolepsy, including new data from the full narcolepsy type 1 cohort in its phase 1b, proof-of-concept study evaluating ALKS 2680, at SLEEP 2024, the 38th annual meeting of the Associated Professional Sleep Societies (APSS).

**Notes and Explanations**

1. The company determined that upon the separation of its oncology business, completed on Nov. 15, 2023, the oncology business met the criteria for discontinued operations in accordance with Financial Accounting Standards Board Accounting Standards Codification 205, *Discontinued Operations*. Accordingly, the accompanying selected financial information has been updated to present the results of the oncology business as discontinued operations for the three and six months ended June 30, 2023.

**Conference Call**

Alkermes will host a conference call and webcast presentation with accompanying slides at 8:00 a.m. ET (1:00 p.m. BST) on Wednesday, July 24, 2024, to discuss these financial results and provide an update on the company. The webcast may be accessed on the Investors section of Alkermes' website at www.alkermes.com. The conference call may be accessed by dialing +1 877 407 2988 for U.S. callers and +1 201 389 0923 for international callers. In addition, a replay of the conference call may be accessed by visiting Alkermes' website.

**About Alkermes plc**

Alkermes plc is a global biopharmaceutical company that seeks to develop innovative medicines in the field of neuroscience. The company has a portfolio of proprietary commercial products for the treatment of alcohol dependence, opioid dependence, schizophrenia and bipolar I disorder, and a pipeline of clinical and preclinical candidates in development for neurological disorders, including narcolepsy. Headquartered in Ireland, Alkermes also has a corporate office and research and development center in Massachusetts and a manufacturing facility in Ohio. For more information, please visit Alkermes' website at www.alkermes.com.

**Non-GAAP Financial Measures**

This press release includes information about certain financial measures that are not prepared in accordance with generally accepted accounting principles in the U.S. (GAAP), including non-GAAP net income and EBITDA. These non-GAAP measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies.

Non-GAAP net income adjusts for certain one-time and non-cash charges by excluding from GAAP results: share-based compensation expense; amortization; depreciation; non-cash net interest expense; change in the fair value of contingent consideration; certain other one-time or non-cash items; and the income tax effect of these reconciling items. EBITDA represents earnings before interest, tax, depreciation and amortization; earnings include share-based compensation expense.

The company's management and board of directors utilize these non-GAAP financial measures to evaluate the company's performance. The company provides these non-GAAP financial measures of the company's performance to investors because management believes that these non-GAAP financial measures, when viewed with the company's results under GAAP and the accompanying reconciliations, are useful in identifying underlying trends in ongoing operations. However, non-GAAP net income and EBITDA are not measures of financial performance under GAAP and, accordingly, should not be considered as alternatives to GAAP measures as indicators of operating performance. Further, non-GAAP net income and EBITDA should not be considered measures of the company's liquidity.

A reconciliation of GAAP to non-GAAP financial measures has been provided in the tables included in this press release.

**Note Regarding Forward-Looking Statements**

Certain statements set forth in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, but not limited to, statements concerning: the company's expectations concerning its future financial and operating performance, business plans or prospects, including profitability; and the potential therapeutic and commercial value of ALKS 2680 and the company's development pipeline. The company cautions that forward-looking statements are inherently uncertain. The forward-looking statements are neither promises nor guarantees and they are necessarily subject to a high degree of uncertainty and risk. Actual performance and results may differ materially from those expressed or implied in the forward-looking statements due to various risks and uncertainties. These risks and uncertainties include, among others: whether the company is able to sustain profitability; the unfavorable outcome of arbitration or litigation, including so-called "Paragraph IV" litigation and other patent litigation which may lead to competition from generic drug manufacturers, or other disputes related to the company's products or products using the company's proprietary technologies; clinical development activities may not be completed on time or at all; the results of the company's development activities may not be positive, or predictive of final results from such activities, results of future development activities or real-world results; the U.S. Food and Drug Administration (FDA) or regulatory authorities outside the U.S. may make adverse decisions regarding the company's products; the company and its licensees may not be able to continue to successfully commercialize their products or support revenue growth from such products; there may be a reduction in payment rate or reimbursement for the company's products or an increase in the company's financial obligations to government payers; the company's products may prove difficult to manufacture, be precluded from commercialization by the proprietary rights of third parties, or have unintended side effects, adverse reactions or incidents of misuse; and those risks and uncertainties described under the heading "Risk Factors" in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2023 and in subsequent filings made by the company with the U.S. Securities and Exchange Commission (SEC), which are available on the SEC's website at www.sec.gov. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, the company disclaims any intention or responsibility for updating or revising any forward-looking statements contained in this press release.



[i] The term "ARISTADA" as used in this press release refers to ARISTADA and ARISTADA INITIO®, unless the context indicates otherwise.

**Alkermes plc and Subsidiaries**
**Selected Financial Information (Unaudited)**

| Condensed Consolidated Statements of Operations - GAAP (In thousands, except per share data) | Three Months Ended June 30, 2024 | Three Months Ended June 30, 2023 |
|---|---|---|
| Revenues: | | |
| Product sales, net | $ 269,273 | $ 231,477 |
| Manufacturing and royalty revenues | 129,858 | 385,913 |
| Research and development revenue | — | 7 |

| | | |
|---|---|---|
| Total Revenues | 399,131 | 617,397 |
| Expenses: | | |
| Cost of goods manufactured and sold | 61,472 | 63,249 |
| Research and development | 59,649 | 68,225 |
| Selling, general and administrative | 168,113 | 195,756 |
| Amortization of acquired intangible assets | 14 | 8,898 |
| Total Expenses | 289,248 | 336,128 |
| Operating Income | 109,883 | 281,269 |
| Other Income, net: | | |
| Interest income | 10,735 | 6,769 |
| Interest expense | (5,952) | (5,684) |
| Other income (expense), net | 2,053 | (525) |
| Total Other Income, net | 6,836 | 560 |
| Income Before Income Taxes | 116,719 | 281,829 |
| Income Tax Provision | 22,061 | 2,728 |
| **Net Income From Continuing Operations** | 94,658 | 279,101 |
| **Loss From Discontinued Operations — Net of Tax** | (3,300) | (42,036) |
| **Net Income — GAAP** | $ 91,358 | $ 237,065 |
| | | |
| **GAAP Earnings (Loss) Per Ordinary Share - Basic:** | | |
| From continuing operations | $ 0.56 | $ 1.68 |
| From discontinued operations | $ (0.02) | $ (0.25) |
| From net income | $ 0.54 | $ 1.43 |
| | | |
| **GAAP Earnings (Loss) Per Ordinary Share - Diluted:** | | |
| From continuing operations | $ 0.55 | $ 1.63 |
| From discontinued operations | $ (0.02) | $ (0.25) |
| From net income | $ 0.53 | $ 1.38 |
| | | |
| **Weighted Average Number of Ordinary Shares Outstanding:** | | |
| Basic — GAAP and Non-GAAP | 168,321 | 166,279 |
| Diluted — GAAP and Non-GAAP | 170,977 | 171,553 |

| **Condensed Consolidated Statements of Operations - GAAP (Continued)**<br>**(In thousands, except per share data)** | **Three Months Ended June 30, 2024** | **Three Months Ended June 30, 2023** |
|---|---|---|
| An itemized reconciliation between net income from continuing operations on a GAAP basis and EBITDA is as follows: | | |
| **Net Income from Continuing Operations** | $ 94,658 | $ 279,101 |
| Adjustments: | | |
| Depreciation expense | 6,644 | 9,426 |
| Amortization expense | 14 | 8,898 |
| Interest income | (10,735) | (6,769) |
| Interest expense | 5,952 | 5,684 |
| Income tax provision | 22,061 | 2,728 |
| **EBITDA from Continuing Operations** | 118,594 | 299,068 |
| **EBITDA from Discontinued Operations** | (3,913) | (41,388) |
| **EBITDA** | $ 114,681 | $ 257,680 |
| | | |
| An itemized reconciliation between net income from continuing operations on a GAAP basis and non-GAAP net income is as follows: | | |
| **Net Income from Continuing Operations** | $ 94,658 | $ 279,101 |
| Adjustments: | | |
| Share-based compensation expense | 20,601 | 27,187 |
| Depreciation expense | 6,644 | 9,426 |
| Amortization expense | 14 | 8,898 |
| Non-cash net interest expense | 114 | 115 |
| Separation expense | 813 | 5,857 |
| Income tax effect related to reconciling items | 2,060 | 816 |
| Gain on sale of Athlone manufacturing facility | (1,462) | — |
| Final award in the Janssen arbitration (2022 back royalties and interest) | — | (197,092) |

| | | |
|---|---|---|
| **Non-GAAP Net Income from Continuing Operations** | 123,442 | 134,308 |
| **Non-GAAP Net Loss from Discontinued Operations** | (3,300) | (40,031) |
| **Non-GAAP Net Income** | $ 120,142 | $ 94,277 |
| | | |
| Non-GAAP diluted earnings per ordinary share from continuing operations | $ 0.72 | $ 0.78 |
| Non-GAAP diluted loss per ordinary share from discontinued operations | $ (0.02) | $ (0.23) |
| Non-GAAP diluted earnings per ordinary share from net income | $ 0.70 | $ 0.55 |

**Alkermes plc and Subsidiaries**
**Selected Financial Information (Unaudited)**

| **Condensed Consolidated Statements of Operations - GAAP**<br>**(In thousands, except per share data)** | **Six Months Ended June 30, 2024** | **Six Months Ended June 30, 2023** |
|---|---|---|
| Revenues: | | |
| Product sales, net | $ 502,809 | $ 446,204 |
| Manufacturing and royalty revenues | 246,691 | 458,775 |
| Research and development revenue | 3 | 13 |
| Total Revenues | 749,503 | 904,992 |
| Expenses: | | |
| Cost of goods manufactured and sold | 120,116 | 121,413 |
| Research and development | 127,260 | 131,995 |
| Selling, general and administrative | 347,862 | 363,589 |
| Amortization of acquired intangible assets | 1,073 | 17,698 |
| Total Expenses | 596,311 | 634,695 |
| Operating Income | 153,192 | 270,297 |
| Other Income, net: | | |
| Interest income | 20,134 | 11,735 |
| Interest expense | (11,930) | (10,972) |
| Other income (expense), net | 2,235 | (564) |
| Total Other Income, net | 10,439 | 199 |
| Income Before Income Taxes | 163,631 | 270,496 |
| Income Tax Provision | 30,025 | 3,445 |
| **Net Income From Continuing Operations** | 133,606 | 267,051 |
| **Loss From Discontinued Operations — Net of Tax** | (5,420) | (71,831) |
| **Net Income — GAAP** | $ 128,186 | $ 195,220 |
| | | |
| **GAAP Earnings (Loss) Per Ordinary Share - Basic:** | | |
| From continuing operations | $ 0.79 | $ 1.61 |
| From discontinued operations | $ (0.03) | $ (0.43) |
| From net income | $ 0.76 | $ 1.18 |
| | | |
| **GAAP Earnings (Loss) Per Ordinary Share - Diluted:** | | |
| From continuing operations | $ 0.78 | $ 1.56 |
| From discontinued operations | $ (0.03) | $ (0.42) |
| From net income | $ 0.75 | $ 1.14 |
| | | |
| **Weighted Average Number of Ordinary Shares Outstanding:** | | |
| Basic — GAAP and Non-GAAP | 168,152 | 165,686 |
| Diluted — GAAP and Non-GAAP | 171,960 | 170,747 |

| **Condensed Consolidated Statements of Operations - GAAP (Continued)**<br>**(In thousands, except per share data)** | **Six Months Ended June 30, 2024** | **Six Months Ended June 30, 2023** |
|---|---|---|
| An itemized reconciliation between net income from continuing operations on a GAAP basis and EBITDA is as follows: | | |
| **Net Income from Continuing Operations** | $ 133,606 | $ 267,051 |
| Adjustments: | | |
| Depreciation expense | 13,641 | 18,810 |
| Amortization expense | 1,073 | 17,698 |

| | | | | |
|---|---|---|---|---|
| Interest income | | (20,134) | | (11,735) |
| Interest expense | | 11,930 | | 10,972 |
| Income tax provision | | 30,025 | | 3,445 |
| **EBITDA from Continuing Operations** | | 170,141 | | 306,241 |
| **EBITDA from Discontinued Operations** | | (6,429) | | (77,380) |
| **EBITDA** | $ | 163,712 | $ | 228,861 |

An itemized reconciliation between net income from continuing operations on a GAAP basis and non-GAAP net income is as follows:

| | | | | |
|---|---|---|---|---|
| **Net Income from Continuing Operations** | $ | 133,606 | $ | 267,051 |
| Adjustments: | | | | |
| Share-based compensation expense | | 53,356 | | 48,210 |
| Depreciation expense | | 13,641 | | 18,810 |
| Amortization expense | | 1,073 | | 17,698 |
| Separation expense | | 1,240 | | 9,640 |
| Income tax effect related to reconciling items | | (2,061) | | (179) |
| Gain on sale of Athlone manufacturing facility | | (1,462) | | — |
| Final award in the Janssen arbitration (2022 back royalties and interest) | | — | | (197,092) |
| Non-cash net interest expense | | 228 | | 231 |
| **Non-GAAP Net Income from Continuing Operations** | | 199,621 | | 164,369 |
| **Non-GAAP Net Loss from Discontinued Operations** | | (5,420) | | (67,676) |
| **Non-GAAP Net Income** | $ | 194,201 | $ | 96,693 |
| | | | | |
| Non-GAAP diluted earnings per ordinary share from continuing operations | $ | 1.16 | $ | 0.96 |
| Non-GAAP diluted loss per ordinary share from discontinued operations | $ | (0.03) | $ | (0.40) |
| Non-GAAP diluted earnings per ordinary share from net income | $ | 1.13 | $ | 0.57 |

**Alkermes plc and Subsidiaries**
**Selected Financial Information (Unaudited)**

| **Condensed Consolidated Balance Sheets (In thousands)** | | **June 30, 2024** | | **December 31, 2023** |
|---|---|---|---|---|
| Cash, cash equivalents and total investments | $ | 962,520 | $ | 813,378 |
| Receivables | | 366,415 | | 332,477 |
| Inventory | | 194,731 | | 186,406 |
| Contract assets | | 3,492 | | 706 |
| Prepaid expenses and other current assets | | 101,435 | | 98,166 |
| Property, plant and equipment, net | | 222,738 | | 226,943 |
| Intangible assets, net and goodwill | | 83,945 | | 85,018 |
| Assets held for sale | | — | | 94,260 |
| Deferred tax assets | | 167,382 | | 195,888 |
| Other assets | | 104,184 | | 102,981 |
| **Total Assets** | $ | 2,206,842 | $ | 2,136,223 |
| Long-term debt — current portion | $ | 3,000 | $ | 3,000 |
| Other current liabilities | | 512,548 | | 512,678 |
| Long-term debt | | 286,459 | | 287,730 |
| Liabilities from discontinued operations | | — | | 4,542 |
| Other long-term liabilities | | 120,830 | | 125,587 |
| Total shareholders' equity | | 1,284,005 | | 1,202,686 |
| **Total Liabilities and Shareholders' Equity** | $ | 2,206,842 | $ | 2,136,223 |
| | | | | |
| Ordinary shares outstanding (in thousands) | | 165,887 | | 166,980 |

This selected financial information should be read in conjunction with the consolidated financial statements and notes thereto included in Alkermes plc's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which the company intends to file in July 2024.

**Alkermes plc and Subsidiaries**
**Amounts Included in Discontinued Operations**

| (In thousands) | Three Months Ended March 31, 2024 | Three Months Ended June 30, 2024 | Six Months Ended June 30, 2024 |
|---|---|---|---|
| Cost of goods manufactured and sold | $ — | $ — | **$ —** |
| Research and development | 2,516 | 3,913 | **6,429** |
| Selling, general and administrative | — | — | **—** |
| Income tax benefit | (396) | (613) | **(1,009)** |
| **Loss from discontinued operations, net of tax** | **$ 2,120** | **$ 3,300** | **$ 5,420** |

| (In thousands) | Three Months Ended March 31, 2023 | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2023 |
|---|---|---|---|
| Cost of goods manufactured and sold | $ 11 | $ 11 | **$ 22** |
| Research and development | 29,867 | 32,563 | **62,430** |
| Selling, general and administrative | 6,644 | 9,502 | **16,146** |
| Income tax benefit | (6,727) | (40) | **(6,767)** |
| **Loss from discontinued operations, net of tax** | **$ 29,795** | **$ 42,036** | **$ 71,831** |

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