

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

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:

Title of each class

Ordinary shares, \$0.01 par value

Trading Symbol(s)

ALKS

Name of each exchange on which registered

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 [X] 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 [X] No [ ]

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

Large accelerated filer [X]

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 [X]

The number of the registrant's ordinary shares, \$0.01 par value, outstanding as of July 22, 2022 was 164,254,275 shares.

ALKERMES PLC AND SUBSIDIARIES  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2022

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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”) may 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 expectations related to product development; regulatory filings, approvals and timelines; therapeutic and commercial value, 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 our 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 expenditures for our operations and our ability to finance such capital requirements and expenditures;
- 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. In light of these risks, assumptions and uncertainties, the forward-looking expectations 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. For information about the risks, assumptions and uncertainties of our business, see “Part I, Item 1A—Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, filed

with the United States (“U.S.”) Securities and Exchange Commission (the “SEC”) on February 16, 2022, as amended by our Amendment No. 1 to Annual Report on Form 10-K/A, filed with the SEC on April 29, 2022 (our “Annual Report”).

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. While we believe that any industry publications and third-party research, surveys and studies from which data is included in this Form 10-Q are reliable, we have not independently verified any such data. 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 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 or implied 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 alcohol dependence, opioid dependence, 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 U.S. federal trademark registrations (“®”) and other trademarks (“TM”), including ALKERMES®, ARISTADA®, ARISTADA INITIO®, LinkeRx®, LYBALVI®, NanoCrystal® and VIVITROL®.

The following are trademarks of the respective companies listed: ANJESO®—Baudax Bio, Inc.; BYANLI®, INVEGA®, INVEGA HAFYERA®, INVEGA SUSTENNA®, INVEGA TRINZA®, TREVICTA®, XEPLION®, and RISPERDAL CONSTA®—Johnson & Johnson Corporation (or its affiliates); KEYTRUDA®—Merck Sharp & Dohme Corp.; 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 may be referred to without the ® and TM 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, 2022	December 31, 2021
(In thousands, except share and per share amounts)		
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$254,646	\$337,544
Receivables, net	245,840	313,193
Investments—short-term	326,321	198,767
Inventory	155,608	150,335
Contract assets	16,486	13,363
Prepaid expenses and other current assets	47,090	48,967
Total current assets	1,045,991	1,062,169
PROPERTY, PLANT AND EQUIPMENT, NET	337,146	341,054
INVESTMENTS—LONG-TERM	179,010	229,430
RIGHT-OF-USE ASSETS	111,119	115,627
INTANGIBLE ASSETS, NET	56,011	74,043
GOODWILL	92,873	92,873
DEFERRED TAX ASSETS	123,702	81,833
OTHER ASSETS	11,565	27,455
<b>TOTAL ASSETS</b>	<b>\$1,957,417</b>	<b>\$2,024,484</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$186,814	\$208,491
Accrued sales discounts, allowances and reserves	228,973	237,216
Operating lease liabilities—short-term	15,944	16,240
Contract liabilities—short-term	3,787	6,339
Current portion of long-term debt	3,000	3,000
Total current liabilities	438,518	471,286
LONG-TERM DEBT	291,537	292,804
OPERATING LEASE LIABILITIES—LONG-TERM	99,832	104,162
OTHER LONG-TERM LIABILITIES	45,206	43,648
Total liabilities	875,093	911,900
<b>COMMITMENTS AND CONTINGENT LIABILITIES (Note 15)</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, 2022 and December 31, 2021, respectively	—	—
Ordinary shares, par value, \$0.01 per share; 450,000,000 shares authorized; 168,782,701 and 165,790,549 shares issued; 164,232,704 and 161,937,327 shares outstanding at June 30, 2022 and December 31, 2021, respectively	1,688	1,658
Treasury shares, at cost (4,549,997 and 3,853,222 shares at June 30, 2022 and December 31, 2021, respectively)	(160,241)	(142,658)
Additional paid-in capital	2,858,422	2,798,325
Accumulated other comprehensive loss	(10,488)	(3,723)
Accumulated deficit	(1,607,057)	(1,541,018)
Total shareholders' equity	1,082,324	1,112,584
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$1,957,417</b>	<b>\$2,024,484</b>

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 (LOSS) INCOME**  
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,	2021	2022	June 30,
	2022	2021	2022	2021
	(In thousands, except per share amounts)			
<b>REVENUES:</b>				
Product sales, net	\$ 190,787	\$ 160,808	\$ 362,055	\$ 290,771
Manufacturing and royalty revenues	85,326	142,294	190,496	262,141
License revenue	—	—	2,000	1,500
Research and development revenue	106	615	213	735
Total revenues	<u>276,219</u>	<u>303,717</u>	<u>554,764</u>	<u>555,147</u>
<b>EXPENSES:</b>				
Cost of goods manufactured and sold (exclusive of amortization of acquired intangible assets shown below)	58,360	53,124	113,519	94,144
Research and development	92,873	97,473	188,826	189,741
Selling, general and administrative	150,377	139,188	295,429	264,356
Amortization of acquired intangible assets	9,066	9,511	18,032	18,917
Total expenses	<u>310,676</u>	<u>299,296</u>	<u>615,806</u>	<u>567,158</u>
<b>OPERATING (LOSS) INCOME</b>	<u>(34,457)</u>	<u>4,421</u>	<u>(61,042)</u>	<u>(12,011)</u>
<b>OTHER (EXPENSE) INCOME, NET:</b>				
Interest income	896	623	1,469	1,487
Interest expense	(2,369)	(2,407)	(4,719)	(6,377)
Change in the fair value of contingent consideration	870	3,240	(18,197)	4,518
Other income (expense), net	1,810	(222)	4,241	(615)
Total other (expense) income, net	<u>1,207</u>	<u>1,234</u>	<u>(17,206)</u>	<u>(987)</u>
<b>(LOSS) EARNINGS BEFORE INCOME TAXES</b>	<u>(33,250)</u>	<u>5,655</u>	<u>(78,248)</u>	<u>(12,998)</u>
<b>INCOME TAX (BENEFIT) PROVISION</b>	<u>(3,114)</u>	<u>3,291</u>	<u>(12,209)</u>	<u>7,056</u>
<b>NET (LOSS) INCOME</b>	<u>\$ (30,136)</u>	<u>\$ 2,364</u>	<u>\$ (66,039)</u>	<u>\$ (20,054)</u>
<b>(LOSS) EARNINGS PER ORDINARY SHARE:</b>				
Basic and diluted	<u>\$ (0.18)</u>	<u>\$ 0.01</u>	<u>\$ (0.40)</u>	<u>\$ (0.13)</u>
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING:</b>				
Basic	<u>163,839</u>	<u>160,817</u>	<u>163,165</u>	<u>160,229</u>
Diluted	<u>163,839</u>	<u>163,937</u>	<u>163,165</u>	<u>160,229</u>
<b>COMPREHENSIVE (LOSS) INCOME:</b>				
Net (loss) income	\$ (30,136)	\$ 2,364	\$ (66,039)	\$ (20,054)
Holding loss, net of a tax (benefit) provision of \$326, \$(79), \$(1,055) and \$(253), respectively	(2,254)	(272)	(6,765)	(873)
<b>COMPREHENSIVE (LOSS) INCOME</b>	<u>\$ (32,390)</u>	<u>\$ 2,092</u>	<u>\$ (72,804)</u>	<u>\$ (20,927)</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,	
	2022	2021
	(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (66,039)	\$ (20,054)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization	38,588	38,119
Share-based compensation expense	41,720	43,003
Deferred income taxes	(40,815)	10,806
Change in the fair value of contingent consideration	18,197	(4,518)
Loss on debt extinguishment	—	171
Other non-cash charges	637	1,302
Changes in assets and liabilities:		
Receivables	67,382	(22,194)
Contract assets	(3,123)	5,607
Inventory	(4,569)	(11,232)
Prepaid expenses and other assets	(1,986)	2,029
Right-of-use assets	8,331	8,595
Accounts payable and accrued expenses	(29,045)	(52,629)
Contract liabilities	(4,071)	(3,108)
Operating lease liabilities	(8,911)	(7,821)
Other long-term liabilities	3,076	(159)
Cash flows provided by (used in) operating activities	<u>19,372</u>	<u>(12,083)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions of property, plant and equipment	(17,753)	(14,546)
Proceeds from the sale of equipment	—	177
Proceeds from contingent consideration	1,043	7,889
Return of Fountain Healthcare Partners II, L.P. investment	485	—
Payment made for licensed Intellectual Property ("IP")	—	(1,000)
Purchases of investments	(194,879)	(201,774)
Sales and maturities of investments	109,925	175,499
Cash flows used in investing activities	<u>(101,179)</u>	<u>(33,755)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from the issuance of ordinary shares under share-based compensation arrangements	17,992	20,498
Employee taxes paid related to net share settlement of equity awards	(17,583)	(11,120)
Proceeds from the issuance of long-term debt	—	23,567
Payment made for debt extinguishment	—	(977)
Principal payments of long-term debt	(1,500)	(750)
Cash flows (used in) provided by financing activities	<u>(1,091)</u>	<u>31,218</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(82,898)</b>	<b>(14,620)</b>
CASH AND CASH EQUIVALENTS—Beginning of period	337,544	272,961
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 254,646</u>	<u>\$ 258,341</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE:</b>		
Non-cash investing and financing activities:		
Purchased capital expenditures included in accounts payable and accrued expenses	\$ 4,863	\$ 1,023

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, 2021	165,790,549	\$ 1,658	\$ 2,798,325	\$ (3,723)	\$ (1,541,018)	(3,853,222)	\$ (142,658)	\$ 1,112,584
Issuance of ordinary shares under employee stock plans	1,953,293	19	1,776	—	—	—	—	1,795
Receipt of Alkermes' shares for the exercise of stock options or to satisfy minimum tax withholding obligations related to share-based awards	—	—	—	—	—	(678,209)	(17,069)	(17,069)
Share-based compensation	—	—	18,494	—	—	—	—	18,494
Unrealized loss on marketable securities, net of tax (benefit) of \$(1,382)	—	—	—	(4,511)	—	—	—	(4,511)
Net loss	—	—	—	—	(35,903)	—	—	(35,903)
<b>BALANCE — March 31, 2022</b>	<b>167,743,842</b>	<b>\$ 1,677</b>	<b>\$ 2,818,595</b>	<b>\$ (8,234)</b>	<b>\$ (1,576,921)</b>	<b>(4,531,431)</b>	<b>\$ (159,727)</b>	<b>\$ 1,075,390</b>
Issuance of ordinary shares under employee stock plans	1,038,859	11	16,186	—	—	—	—	16,197
Receipt of Alkermes' shares for the exercise of stock options or to satisfy minimum tax withholding obligations related to share-based awards	—	—	—	—	—	(18,566)	(514)	(514)
Share-based compensation	—	—	23,641	—	—	—	—	23,641
Unrealized loss on marketable securities, net of tax provision of \$326	—	—	—	(2,254)	—	—	—	(2,254)
Net loss	—	—	—	—	(30,136)	—	—	(30,136)
<b>BALANCE — June 30, 2022</b>	<b>168,782,701</b>	<b>\$ 1,688</b>	<b>\$ 2,858,422</b>	<b>\$ (10,488)</b>	<b>\$ (1,607,057)</b>	<b>(4,549,997)</b>	<b>\$ (160,241)</b>	<b>\$ 1,082,324</b>

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

	Ordinary Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
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	1,566,685	18	2,035	—	—	—	—	2,053
Receipt of Alkermes' shares for the exercise of stock options or to satisfy minimum tax withholding obligations related to share-based awards	—	—	—	—	—	(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	<u>163,835,905</u>	<u>\$ 1,638</u>	<u>\$ 2,703,234</u>	<u>\$ (1,950)</u>	<u>\$ (1,515,267)</u>	<u>(3,637,896)</u>	<u>\$ (136,500)</u>	<u>\$ 1,051,155</u>
Issuance of ordinary shares under employee stock plans	1,129,869	12	18,433	—	—	—	—	18,445
Receipt of Alkermes' shares for the exercise of stock options or to satisfy minimum tax withholding obligations related to share-based awards	—	—	—	—	—	(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	<u>164,965,774</u>	<u>\$ 1,650</u>	<u>\$ 2,748,584</u>	<u>\$ (2,222)</u>	<u>\$ (1,512,903)</u>	<u>(3,669,648)</u>	<u>\$ (137,207)</u>	<u>\$ 1,097,902</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 the fields of neuroscience and oncology. Alkermes has a portfolio of proprietary commercial products focused on alcohol dependence, opioid dependence, 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, 2022 and 2021 are unaudited and have been prepared on a basis substantially consistent with the audited financial statements for the year ended December 31, 2021. 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 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 accompanying 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.

### *Reclassification*

The Company reclassified certain prior year amounts on the condensed consolidated balance sheet to conform to the current year presentation. These reclassifications had no impact on the previously reported total assets, liabilities or shareholders’ equity.

### *Use of Estimates*

The preparation of the Company’s condensed consolidated financial statements in accordance with GAAP requires that Company 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, but not limited to, 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 assets and liabilities. Actual results may differ from these estimates under different conditions or using different assumptions.

*Segment Information*

The Company operates as one business segment, which is the business of developing, manufacturing and commercializing medicines designed to address unmet medical needs of patients in major therapeutic areas. The Company's chief decision maker, its Chief Executive Officer and chairman of its board of directors, reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating unit.

*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 and implemented quarantines, vaccine and masking mandates, restrictive executive orders and other similar government orders, restrictions, and recommendations for their residents to help control the spread of COVID-19, and may continue to do so while the pandemic persists. Such orders, mandates, restrictions and/or recommendations, and/or the perception that additional orders, mandates, restrictions or recommendations could occur, have, at times during the pandemic, resulted in widespread interruptions and closures of businesses, including healthcare systems that serve people living with addiction and serious mental illness, work stoppages, slowdowns and/or delays, remote work policies and travel restrictions, among other effects.

The COVID-19 pandemic has caused, and the Company expects may continue to cause, varying degrees of disruption to its employees and its business operations. While the Company has continued to operate its manufacturing facilities and supply its medicines throughout the pandemic, it has at times during the pandemic experienced labor or supply chain disruptions at its manufacturing facilities, and may continue to experience such disruptions while the pandemic persists. In addition, while the Company has continued to conduct R&D activities, including its ongoing clinical trials, the COVID-19 pandemic has at times impacted the timelines of certain of its 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, the potential impact of COVID-19 on its manufacturing operations and R&D activities.

A number of the marketed products from which the Company derives revenue, including manufacturing and royalty revenue, are 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, travel restrictions, quarantine, testing and/or vaccine mandates and other protocols, labor shortages, 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.

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.

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 its current projections. These uncertainties include, among other things, the ultimate severity and duration of the pandemic and the manner in which it continues to evolve, including the emergence, prevalence and severity of new or existing COVID-19 variants, and future developments in response thereto, which are highly uncertain and cannot be predicted as of the date of this Form 10-Q.

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**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 accounting pronouncements that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

**3. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Product Sales, Net

The Company’s product sales, net consist of sales in the U.S. of VIVITROL, ARISTADA and ARISTADA INITIO and, following its commercial launch in October 2021, LYBALVI, primarily to wholesalers, specialty distributors and pharmacies. During the three and six months ended June 30, 2022 and 2021, the Company recorded product sales, net, as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
VIVITROL	\$ 96,105	\$ 88,417	\$ 180,959	\$ 162,951
ARISTADA and ARISTADA INITIO	74,622	72,391	147,107	127,820
LYBALVI	20,060	—	33,989	—
Total product sales, net	\$ 190,787	\$ 160,808	\$ 362,055	\$ 290,771

Manufacturing and Royalty Revenues

During the three and six months ended June 30, 2022 and 2021, the Company recorded manufacturing and royalty revenues as follows:

(In thousands)	Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	Manufacturing Revenue	Royalty Revenue	Total	Manufacturing Revenue	Royalty Revenue	Total
Long-acting INVEGA products(1)	\$ —	\$ 26,648	\$ 26,648	\$ —	\$ 63,702	\$ 63,702
VUMERITY	5,650	20,520	26,170	17,045	39,720	56,765
RISPERDAL CONSTA	8,571	1,820	10,391	24,149	3,668	27,817
Other	11,353	10,764	22,117	23,207	19,005	42,212
	\$ 25,574	\$ 59,752	\$ 85,326	\$ 64,401	\$ 126,095	\$ 190,496

(In thousands)	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	Manufacturing Revenue	Royalty Revenue	Total	Manufacturing Revenue	Royalty Revenue	Total
Long-acting INVEGA products(1)	\$ —	\$ 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
Other	10,566	15,857	26,423	22,520	34,578	57,098
	\$ 29,293	\$ 113,001	\$ 142,294	\$ 54,378	\$ 207,763	\$ 262,141

(1) “Long-acting INVEGA products”: INVEGA SUSTENNA/XEPLION (paliperidone palmitate), INVEGA TRINZA/TREVICTA (paliperidone palmitate) and INVEGA HAFYERA/BYANNLI (paliperidone palmitate)

In November 2021, the Company received notice of partial termination of its license agreement with Janssen Pharmaceutica N.V., a subsidiary of Johnson & Johnson Corporation (“Janssen Pharmaceutica”) in respect of INVEGA SUSTENNA, INVEGA TRINZA and INVEGA HAFYERA, pursuant to which Janssen Pharmaceutica received access and rights to Alkermes’ small particle pharmaceutical compound technology, known as NanoCrystal Technology. When the partial termination became effective in February 2022, Janssen Pharmaceutica ceased paying royalties related to sales of INVEGA SUSTENNA, INVEGA TRINZA and INVEGA HAFYERA in the U.S. and the Company stopped recognizing royalty revenue related to net sales of these products in the U.S. In April 2022, the Company commenced binding arbitration proceedings related to, among other things, Janssen Pharmaceutica’s partial termination of the license agreement and Janssen Pharmaceutica’s royalty and other obligations under the agreement. Refer to Note 15, *Commitments and Contingencies* within the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q for additional information regarding the arbitration proceedings with Janssen Pharmaceutica.

Contract Assets

Contract assets include unbilled amounts resulting from sales under certain of the Company's manufacturing contracts where revenue is recognized over time and \$5.0 million of expected consideration from the Company's collaboration with Biogen related to VUMERITY. The amounts included in the contract assets table below are classified as "Current assets" in the accompanying condensed consolidated balance sheets, as they relate to manufacturing processes that are completed in ten days to eight weeks and, in the case of the \$5.0 million of consideration, an amount that is expected to be received in November 2022.

Total contract assets at June 30, 2022 were as follows:

<b>(In thousands)</b>	<b>Contract Assets</b>	
Contract assets at December 31, 2021	\$	13,363
Additions		21,883
Transferred to receivables, net		<u>(18,760)</u>
Contract assets at June 30, 2022	\$	<u>16,486</u>

Contract Liabilities

Contract liabilities consist of contractual obligations related to deferred revenue. At June 30, 2022 and December 31, 2021, \$3.8 million and \$6.3 million of the contract liabilities, respectively, were classified as "Contract liabilities—short-term" in the accompanying condensed consolidated balance sheets and \$10.0 million and \$11.5 million of the contract liabilities, respectively, were classified as "Other long-term liabilities" in the accompanying condensed consolidated balance sheets.

Total contract liabilities at June 30, 2022 were as follows:

<b>(In thousands)</b>	<b>Contract Liabilities</b>	
Contract liabilities at December 31, 2021	\$	17,830
Additions		829
Amounts recognized into revenue		<u>(4,900)</u>
Contract liabilities at June 30, 2022	\$	<u>13,759</u>

4. INVESTMENTS

Investments consisted of the following (in thousands):

	June 30, 2022	Amortized Cost	Gross Unrealized			Estimated Fair Value
			Gains	Losses		
				Less than One Year	Greater than One Year	
<b>Short-term investments:</b>						
Available-for-sale securities:						
Corporate debt securities		\$ 146,785	\$ 4	\$ (1,744)	\$ —	\$ 145,045
U.S. government and agency debt securities		117,944	22	(909)	—	117,057
Non-U.S. government debt securities		64,786	—	(504)	(63)	64,219
Total short-term investments		329,515	26	(3,157)	(63)	326,321
<b>Long-term investments:</b>						
Available-for-sale securities:						
Corporate debt securities		94,346	—	(2,806)	(48)	91,492
U.S. government and agency debt securities		73,000	—	(2,364)	(50)	70,586
Non-U.S. government debt securities		15,679	—	(393)	(174)	15,112
		183,025	—	(5,563)	(272)	177,190
Held-to-maturity securities:						
Certificates of deposit		1,820	—	—	—	1,820
Total long-term investments		184,845	—	(5,563)	(272)	179,010
Total investments		\$ 514,360	\$ 26	\$ (8,720)	\$ (335)	\$ 505,331
<b>December 31, 2021</b>						
<b>Short-term investments:</b>						
Available-for-sale securities:						
Corporate debt securities		\$ 85,201	\$ 177	\$ (39)	\$ —	\$ 85,339
U.S. government and agency debt securities		45,349	35	(24)	—	45,360
Non-U.S. government debt securities		68,046	75	(53)	—	68,068
Total short-term investments		198,596	287	(116)	—	198,767
<b>Long-term investments:</b>						
Available-for-sale securities:						
Corporate debt securities		111,793	—	(654)	—	111,139
U.S. government and agency debt securities		81,296	—	(517)	—	80,779
Non-U.S. government debt securities		35,902	—	(210)	—	35,692
		228,991	—	(1,381)	—	227,610
Held-to-maturity securities:						
Certificates of deposit		1,820	—	—	—	1,820
Total long-term investments		230,811	—	(1,381)	—	229,430
Total investments		\$ 429,407	\$ 287	\$ (1,497)	\$ —	\$ 428,197

At June 30, 2022, the Company reviewed its investment portfolio to assess whether the unrealized losses on its available-for-sale investments were temporary. Investments with unrealized losses consisted primarily of corporate debt securities and debt securities issued and backed by U.S. agencies and the U.S. government. At June 30, 2022, the aggregate estimated fair value of investments in an unrealized loss position was \$492.1 million. The Company has the intent and ability to hold these investments until recovery, which may be at maturity. In making the determination whether the decline in fair value of these securities was temporary, the Company 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. During the three months ended June 30, 2021, the Company determined there was an other-than-temporary loss of \$0.9 million that was recorded within "Other income (expense), net" in the accompanying condensed consolidated statements of operations and comprehensive (loss) income.

In January 2022, the Company purchased a convertible promissory note in the principal amount of \$0.5 million from Synchronicity Pharma, Inc. ("Synchronicity"), a related party, that matures on the earlier of September 30, 2022, the closing of a preferred equity financing, the closing of a merger, business combination or sale of stock resulting in

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Synchronicity's stockholders owning less than 50% of the surviving entity, or an event of default. The convertible promissory note was classified as an available-for-sale corporate debt instrument.

In May 2014, the Company entered into an agreement to invest in a partnership, Fountain Healthcare Partners II, L.P. of Ireland ("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. As of June 30, 2022, the Company's total contribution in Fountain was equal to €8.0 million, and its commitment represented approximately 7% of the partnership's total funding. The Company is accounting for its investment in Fountain under the equity method.

During the three months ended March 31, 2022, one of the companies within the Fountain portfolio was acquired by a third party. The Company's proportional share of the proceeds from this transaction was \$1.1 million, of which \$1.0 million was received during the three months ended March 31, 2022 and the remaining \$0.1 million is being held in escrow until May 2023. The transaction was accounted for under the cumulative earnings approach whereby the return on investment of \$0.6 million was recorded as a gain within "Other income (expense), net" in the accompanying condensed consolidated statements of operations and comprehensive (loss) income and the return of investment of \$0.5 million was recorded as a reduction in the Company's net investment in Fountain. The Company's net investment in Fountain was \$6.7 million and \$6.1 million at June 30, 2022 and December 31, 2021, respectively, and was included within "Other assets" in the accompanying condensed consolidated balance sheets.

During the three and six months ended June 30, 2022, the Company recorded an increase of \$1.1 million in its investment in Fountain, which represented the Company's proportional share of Fountain's net gains.

Realized gains and losses on the sales and maturities of investments, which were identified using the specific identification method, were as follows:

(In thousands)	Six Months Ended June 30,			
	2022		2021	
Proceeds from the sales and maturities of investments	\$	109,925	\$	175,499
Realized gains	\$	—	\$	—
Realized losses	\$	—	\$	977

The Company's available-for-sale and held-to-maturity securities at June 30, 2022 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	\$ 326,560	\$ 323,341	\$ 1,820	\$ 1,820
After 1 year through 5 years	185,980	180,170	—	—
Total	<u>\$ 512,540</u>	<u>\$ 503,511</u>	<u>\$ 1,820</u>	<u>\$ 1,820</u>

**5. FAIR VALUE**

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis and indicates the fair value hierarchy and the valuation techniques that the Company utilized to determine such fair value:

(In thousands)	June 30, 2022	Level 1	Level 2	Level 3
	<b>Assets:</b>			
Cash equivalents	\$ 14,980	\$ 14,980	\$ —	\$ —
U.S. government and agency debt securities	187,643	153,482	34,161	—
Corporate debt securities	236,537	—	236,037	500
Non-U.S. government debt securities	79,331	—	79,331	—
Contingent consideration	3,779	—	—	3,779
Total	<u>\$ 522,270</u>	<u>\$ 168,462</u>	<u>\$ 349,529</u>	<u>\$ 4,279</u>

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	December 31, 2021	Level 1	Level 2	Level 3
<b>Assets:</b>				
U.S. government and agency debt securities	\$ 126,139	\$ 96,597	\$ 29,542	\$ —
Corporate debt securities	196,478	—	196,478	—
Non-U.S. government debt securities	103,760	—	103,760	—
Contingent consideration	23,048	—	—	23,048
Total	<u>\$ 449,425</u>	<u>\$ 96,597</u>	<u>\$ 329,780</u>	<u>\$ 23,048</u>

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 levels during the six months ended June 30, 2022. The following table is a rollforward of the fair value of the Company's investments with fair values that were determined using Level 3 inputs at June 30, 2022:

(In thousands)	Fair Value
Balance, January 1, 2022	\$ 23,048
Purchase of corporate debt security	500
Change in the fair value of contingent consideration	(18,197)
Milestone and royalty payments received by the Company related to contingent consideration	(1,043)
Royalty payments due to the Company related to contingent consideration	(29)
Balance, June 30, 2022	<u>\$ 4,279</u>

The Company's investments in U.S. government and agency debt securities, non-U.S. 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 related manufacturing and royalty revenue associated with certain products manufactured at the facility, and the rights to intravenous/intramuscular ("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.

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 certain contingent consideration from the Gainesville Transaction were assigned and/or transferred to Baudax.

At June 30, 2022, the Company determined the fair value of the contingent consideration to be received as follows:

- As of December 31, 2021, the Company had received \$7.8 million in milestone payments and was due to receive an additional \$38.6 million related to the U.S. Food and Drug Administration ("FDA") approval of the New Drug Application ("NDA") for ANJESO. This amount is due in six equal, annual installments from March 2022 through March 2027. At June 30, 2022, Baudax had paid the Company \$1.0 million of the \$6.4 million payment that was due in March 2022;
- The Company is entitled to receive future royalties on net sales of Meloxicam Products; and

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

- The Company is entitled to receive payments of up to \$80.0 million related to the achievement of certain sales milestones on future sales of the Meloxicam Products. At June 30, 2022, the Company did not believe it was probable that any of the sales milestones would be achieved.

In Baudax's Quarterly Report on Form 10-Q for the three months ended March 31, 2022, Baudax included disclosures regarding its ability to continue as a going concern and its March 2022 reduction in workforce by approximately 80%, which was designed to reduce its operational expenses and conserve its cash resources. In light of Baudax's disclosures regarding its ability to continue as a going concern and the fact that, as of June 30, 2022, Baudax had paid \$1.0 million of the \$6.4 million that was due in March 2022, the Company has applied a 100% likelihood that Baudax would default on its obligations and applied a recovery rate of 9% based on an analysis performed by Standard and Poor's regarding post-default recoveries. However, for avoidance of doubt, the Company has not waived its right to receive any portion of the payments owing by Baudax. For discussion on the calculation of the fair value of the contingent consideration at December 31, 2021, refer to Note 5, *Fair Value* within the "Notes to Consolidated Financial Statements" in the Annual Report.

At June 30, 2022 and December 31, 2021, the Company determined that the fair value of the contingent consideration was \$3.8 million and \$23.0 million, respectively. At June 30, 2022 and December 31, 2021, \$3.8 million and \$6.4 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 none and \$16.6 million, respectively, of the fair value of the contingent consideration was included within "Other assets" in the accompanying condensed consolidated balance sheets. Changes in the fair value of the contingent consideration are recorded within "Change in the fair value of contingent consideration" in the accompanying condensed consolidated statements of operations and comprehensive (loss) income.

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 (such debt, the "2026 Term Loans"), 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 \$277.7 million and \$285.8 million at June 30, 2022 and December 31, 2021, respectively.

**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, 2022	December 31, 2021
Raw materials	\$ 52,870	\$ 56,125
Work in process	70,437	59,105
Finished goods(1)	32,301	35,105
Total inventory	<u>\$ 155,608</u>	<u>\$ 150,335</u>

(1) At June 30, 2022 and December 31, 2021, the Company had \$25.7 million and \$25.1 million, respectively, of finished goods inventory located at its third-party warehouse and shipping service provider.

**7. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

(In thousands)	June 30, 2022	December 31, 2021
Land	\$ 6,560	\$ 6,560
Building and improvements	193,914	192,920
Furniture, fixtures and equipment	406,868	398,099
Leasehold improvements	52,526	52,526
Construction in progress	92,839	86,512
Subtotal	752,707	736,617
Less: accumulated depreciation	(415,561)	(395,563)
Total property, plant and equipment, net	<u>\$ 337,146</u>	<u>\$ 341,054</u>

**8. GOODWILL AND INTANGIBLE ASSETS**

Goodwill and intangible assets consisted of the following:

(In thousands)	Weighted Amortizable Life (Years)	June 30, 2022		Net Carrying Amount
		Gross Carrying Amount	Accumulated Amortization	
Goodwill		<u>\$ 92,873</u>	<u>\$ —</u>	<u>\$ 92,873</u>
Finite-lived intangible assets:				
Collaboration agreements	12	\$ 465,590	\$ (421,331)	\$ 44,259
Capitalized IP	11-13	118,160	(106,408)	11,752
Total		<u>\$ 583,750</u>	<u>\$ (527,739)</u>	<u>\$ 56,011</u>

Based on the Company's most recent analysis, amortization of intangible assets included in the accompanying condensed consolidated balance sheet at June 30, 2022 is expected to be approximately \$35.0 million, \$35.0 million and \$1.0 million in the years ending December 31, 2022 through 2024, respectively. Although the Company believes that such analysis, and the available information and assumptions underlying such analysis, are reasonable, given the inherent risks and uncertainties underlying its expectations regarding such future revenues, there is the potential for the Company's actual results to vary significantly from such expectations. If revenues are projected to change, the related amortization of the intangible assets will change in proportion to the change in revenues.

**9. LEASES**

Future lease payments under non-cancelable leases at June 30, 2022 and December 31, 2021 consisted of the following:

(In thousands)	June 30, 2022	December 31, 2021
2022	\$ 9,012	\$ 17,991
2023	18,206	17,329
2024	18,476	17,535
2025	18,750	17,808
2026	14,719	13,777
Thereafter	95,289	95,229
Total operating lease payments	<u>\$ 174,452</u>	<u>\$ 179,669</u>
Less: imputed interest	(58,676)	(59,267)
Total operating lease liabilities	<u>\$ 115,776</u>	<u>\$ 120,402</u>

At June 30, 2022, the weighted average incremental borrowing rate and the weighted average remaining lease term for all operating leases held by the Company were 5.21% and 11.1 years, respectively. Cash paid for lease liabilities was \$4.5 million and \$8.9 million during the three and six months ended June 30, 2022, respectively, compared to \$4.4 million and \$8.1 million during the three and six months ended June 30, 2021, respectively. The Company recorded operating lease expense of \$4.2 million and \$8.3 million during the three and six months ended June 30, 2022, respectively, as compared to \$4.4 million and \$8.6 million during the three and six months ended June 30, 2021, respectively.

**10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of the following:

(In thousands)	June 30, 2022	December 31, 2021
Accounts payable	\$ 40,047	\$ 55,721
Accrued compensation	52,865	77,256
Accrued other	93,902	75,514
Total accounts payable and accrued expenses	<u>\$ 186,814</u>	<u>\$ 208,491</u>

A summary of the Company's current provision for sales discounts, allowances and reserves is as follows:

(In thousands)	June 30, 2022	December 31, 2021
Medicaid rebates	\$ 191,458	\$ 195,413
Product discounts	13,956	14,951
Medicare Part D	13,087	14,348
Other	10,472	12,504
Total accrued sales discounts, allowances and reserves	<u>\$ 228,973</u>	<u>\$ 237,216</u>

**11. LONG-TERM DEBT**

Long-term debt consisted of the following:

(In thousands)	June 30, 2022	December 31, 2021
2026 Term Loans, due March 12, 2026	\$ 294,537	\$ 295,804
Less: current portion	(3,000)	(3,000)
Long-term debt	<u>\$ 291,537</u>	<u>\$ 292,804</u>

In March 2021, the Company amended and refinanced its existing term loans, resulting in the 2026 Term Loans (such refinancing, the "Term Loan Refinancing"). The 2026 Term Loans mature on March 12, 2026 and bear interest payable at LIBOR plus 2.50% with a LIBOR floor of 0.5%. The 2026 Term Loans have an incremental facility capacity in the amount of \$175.0 million plus additional amounts, provided that the Company meets certain conditions, including a specified leverage ratio. The Company was in compliance with its debt covenants at June 30, 2022.

Included in "Interest expense" in the accompanying condensed consolidated statement of operations and comprehensive (loss) income in the six months ended June 30, 2021 was \$2.1 million related to the Term Loan Refinancing. Refer to Note 11, *Long-Term Debt* within the "Notes to Consolidated Financial Statements" in the Annual Report for a discussion on accounting for the Term Loan Refinancing.

**12. SHARE-BASED COMPENSATION**

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

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cost of goods manufactured and sold	\$ 2,401	\$ 2,683	\$ 4,783	\$ 4,861
Research and development	7,222	7,131	12,830	11,194
Selling, general and administrative	13,754	17,738	24,107	26,948
Total share-based compensation expense	<u>\$ 23,377</u>	<u>\$ 27,552</u>	<u>\$ 41,720</u>	<u>\$ 43,003</u>

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

At June 30, 2022 and December 31, 2021, \$2.8 million and \$2.3 million, respectively, of share-based compensation expense was capitalized and recorded as “Inventory” in the accompanying condensed consolidated balance sheets.

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

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

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator:				
Net (loss) income	\$ (30,136)	\$ 2,364	\$ (66,039)	\$ (20,054)
Denominator:				
Weighted average number of ordinary shares outstanding	163,839	160,817	163,165	160,229
Effect of dilutive securities:				
Stock options	—	461	—	—
Restricted stock unit awards	—	2,659	—	—
Dilutive ordinary share equivalents	—	3,120	—	—
Shares used in calculating diluted (loss) earnings per share	163,839	163,937	163,165	160,229

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

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Stock options	12,781	15,465	12,677	15,265
Restricted stock unit awards	4,718	596	6,251	3,189
Total	17,499	16,061	18,928	18,454

**14. INCOME TAXES**

The Company recognizes income taxes under the asset and liability method. Deferred income taxes are recognized for differences between the financial reporting and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In determining future taxable income, the Company is responsible for assumptions that it utilizes including the amount of Irish and non-Irish pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates that the Company uses to manage the underlying business.

The Company recorded income tax benefits of \$3.1 million and \$12.2 million during the three and six months ended June 30, 2022, respectively, which were primarily due to a change to Section 174 of the Tax Cuts and Jobs Act of 2017 (as amended, the “TCJA”), which became effective on January 1, 2022. Under the TCJA, the Company is required to capitalize, and subsequently amortize, R&D expenses over five years for research activities conducted in the U.S. and over fifteen years for research activities conducted outside of the U.S. The capitalization of R&D expenses during these periods resulted in an increase to the Company’s U.S. taxable income and foreign derived intangible income (“FDII”), resulting in a significant increase in the Company’s FDII deduction.

## 15. 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, 2022, there were no potential material losses from claims, asserted or unasserted, or legal proceedings that the Company determined were probable of occurring.

### **Janssen Arbitration Proceedings**

In April 2022, Alkermes Pharma Ireland Limited commenced binding arbitration proceedings to settle, among other things, whether, notwithstanding Janssen Pharmaceutica's partial termination of two license agreements with the Company, it has a continuing obligation to pay royalties on sales in the U.S. of INVEGA SUSTENNA, INVEGA TRINZA, INVEGA HAFYERA and CABENUVA, products developed under or enabled by these license agreements. The arbitration is to be conducted pursuant to the Institute for Conflict Prevention and Resolution (CPR) Rules for Non-Administered Arbitration. The request for arbitration seeks, among other remedies, a declaration that Janssen Pharmaceutica is in breach of the license agreements and a resumption of royalty payments for sales of the relevant products in the U.S.

### **INVEGA SUSTENNA ANDA Litigation**

Janssen Pharmaceutica 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") (such lawsuit, the "Teva Lawsuit"), in August 2019 against Mylan Laboratories Limited ("Mylan Labs") and other Mylan entities (the "Mylan Lawsuit") and in December 2019 against Pharmascience, Inc. ("Pharmascience"), Mallinckrodt plc, and SpecGX LLC (the "Pharmascience Lawsuit"), and in the U.S. District Court for the District of Delaware in December 2021 against Tolmar Holding, Inc., Tolmar Pharmaceuticals, Inc., Tolmar Therapeutics, Inc., and Tolmar, Inc. ("Tolmar" and such lawsuit, the "Tolmar Lawsuit"), following the respective filings by each of Teva, Mylan Labs, Pharmascience and Tolmar 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 2021, the NJ District Court entered a judgment in favor of the Janssen entities in the Teva Lawsuit. In December 2021, the NJ District Court entered a judgment in favor of the Janssen entities in the Mylan Lawsuit, based on the parties' prior stipulation to be bound by the judgment in the Teva Lawsuit. The Teva entities and Mylan Labs each filed notices of appeal of their respective judgments with the U.S. Court of Appeals for the Federal Circuit, which were consolidated in January 2022. A trial was scheduled in the Tolmar Lawsuit for October 2023. The Pharmascience Lawsuit remains pending. The Company is not a party to any of these proceedings.

### **INVEGA TRINZA ANDA Litigation**

In September 2020, Janssen Pharmaceutica, 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. A trial has been scheduled for October 2022. The Company is not a party to this proceeding.

### **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).

**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.

**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. 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 proceedings 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 the accompanying condensed consolidated financial statements and related notes beginning on page 5 in this Form 10-Q, and "Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited financial statements and notes thereto accompanying our Annual Report.

### Executive Summary

Net loss was \$(30.1) million and \$(66.0) million or \$(0.18) and \$(0.40) per ordinary share—basic and diluted, for the three and six months ended June 30, 2022, respectively, as compared to a net income of \$2.4 million and a net loss of \$(20.1) million or \$0.01 and \$(0.13) per ordinary share—basic and diluted for the three and six months ended June 30, 2021, respectively.

The increases in net loss in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to decreases of \$57.0 million and \$71.6 million, respectively, in manufacturing and royalty revenues, increases of \$11.4 million and \$48.6 million, respectively, in operating expenses, and decreases of \$2.4 million and \$22.7 million, respectively, in the fair value of our contingent consideration related to increased risk of non-payment, partially offset by increases of \$30.0 million and \$71.3 million, respectively, in product sales, net. The increases in operating expenses in the three and six months ended June 30, 2022 primarily related to increases of \$5.2 million and \$19.4 million, respectively, in cost of goods manufactured and sold and increases of \$11.2 million and \$31.1 million, respectively, in selling, general and administrative expense.

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 and implemented quarantines, vaccine and masking mandates, restrictive executive orders and other similar government orders, restrictions, and recommendations for their residents to help control the spread of COVID-19, and may continue to do so while the pandemic persists. Such orders, mandates, restrictions and/or recommendations, and/or the perception that additional orders, mandates, restrictions or recommendations could occur, have, at times during the pandemic, resulted in widespread interruptions and closures of businesses, including healthcare systems that serve people living with addiction and serious mental illness, work stoppages, slowdowns and/or delays, remote work policies and travel restrictions, among other effects.

The COVID-19 pandemic has caused, and we expect may continue to cause, varying degrees of disruption to our employees and our business operations. While we have continued to operate our manufacturing facilities and supply our medicines throughout the pandemic, we have, at times during the pandemic experienced labor or supply chain disruptions at our manufacturing facilities, and may continue to experience such disruptions while the pandemic persists. In addition, while we have continued 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.

A number of the marketed products from which we derive revenue, including manufacturing and royalty revenue, are 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, travel restrictions, quarantine, testing and/or vaccine mandates and other protocols, labor shortages 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.

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

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 and the manner in which it continues to evolve, including the emergence, prevalence and severity of new or existing COVID-19 variants, and future developments in response thereto, which are highly uncertain and cannot be predicted as of the date of this Form 10-Q. 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 and specifically the section entitled "—Our business, financial condition and results of operations have been, and may continue to be, adversely affected by the ongoing COVID-19 pandemic or other similar outbreaks of contagious diseases."

## **Products**

### Marketed Products

The key marketed products discussed below have generated, or are expected to generate, significant revenues for us. See the descriptions of the marketed products below and "Part I, Item 1A—Risk Factors" in our Annual Report for important factors that could adversely affect our marketed products. 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 these marketed products.

The following provides summary information regarding our proprietary products that we commercialize:

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 5 mg/10 mg · 10 mg/10 mg · 15 mg/10 mg 20 mg/10 mg tablets</p>	<p>Schizophrenia and Bipolar I disorder</p>	<p>U.S.</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 provides summary information regarding our key licensed product and certain key third-party products using our proprietary technologies under license, all of which are commercialized by our licensees:

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

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

\* Janssen partially terminated its license agreement related to these products in the U.S., effective February 2022. See the section entitled “Products Using Our Proprietary Technologies” below and Note 15, *Commitments and Contingent Liabilities* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q for more information with respect to this partial termination and the arbitration proceedings that we commenced related to such partial termination.

**Our Key Licensed Product**

<b>Product</b>	<b>Indication(s)</b>	<b>Licensee</b>	<b>Licensed Territory</b>
<i>VUMERITY</i>	Multiple sclerosis	Biogen	Worldwide

*Proprietary Products*

We have developed and now commercialize 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 exclusively manufacture and commercialize ARISTADA in the U.S.

#### **ARISTADA INITIO**

ARISTADA INITIO (aripiprazole lauroxil) leverages our proprietary LinkeRx and NanoCrystal technologies 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 exclusively manufacture and commercialize ARISTADA INITIO 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 was launched commercially in October 2021 and is available in fixed dosage strengths composed of 10 mg of samidorphan and 5 mg, 10 mg, 15 mg or 20 mg of olanzapine. We exclusively manufacture and commercialize LYBALVI in the U.S.

In June 2022, U.S. Patent No. 11,351,166 relating to LYBALVI was granted. The patent has claims to methods of treating schizophrenia or bipolar disorder and expires in 2031.

#### **VIVITROL**

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 Commonwealth of Independent States 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 exclusively manufacture and commercialize VIVITROL in the U.S.

For a discussion of legal proceedings related to VIVITROL, see Note 15, *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 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 under our collaborative arrangements with these third parties. Such arrangements include the following:

*Products Using Our Proprietary Technologies*

**INVEGA SUSTENNA/XEPLION, INVEGA TRINZA/TREVICTA and INVEGA HAFYERA/BYANLI**

In November 2021, we received notice of partial termination of our license agreement with Janssen in respect of INVEGA SUSTENNA, INVEGA TRINZA and INVEGA HAFYERA pursuant to which Janssen received access and rights to Alkermes' small particle pharmaceutical compound technology, known as NanoCrystal Technology. This partial termination became effective in February 2022. In April 2022, we commenced binding arbitration proceedings related to, among other things, Janssen's partial termination of this license agreement and Janssen's royalty and other obligations under the agreement. For additional information regarding the arbitration proceedings with Janssen, see Note 15, *Commitments and Contingent Liabilities* in the "Notes to Condensed Consolidated Financial Statements" in this Form 10-Q and for information about risks relating to this notice of partial termination and our collaborative arrangements more broadly, see "Part I, Item 1A—Risk Factors" in our Annual Report and specifically that section entitled "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, or if disputes arise in respect of our contractual arrangements, our revenues could be materially adversely affected."

The long-acting INVEGA products are long-acting atypical antipsychotics owned and commercialized worldwide by Janssen. We believe that these products were developed using, and incorporate, our 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 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 manufactured by Janssen.

INVEGA HAFYERA 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 or INVEGA TRINZA for at least three months. BYANLI is approved in the EU for the maintenance treatment of schizophrenia in adult patients who are clinically stable on XEPLION or TREVICTA. INVEGA HAFYERA/BYANLI is manufactured by Janssen.

For a discussion of legal proceedings related to certain of the patents covering INVEGA SUSTENNA and INVEGA TRINZA, see Note 15, *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."

## **RISPERDAL CONSTA**

RISPERDAL CONSTA (risperidone long-acting injection) is a long-acting atypical antipsychotic owned and commercialized worldwide by Janssen that incorporates our proprietary technologies. 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.

### *Licensed Product*

## **VUMERITY**

VUMERITY (diroximel fumarate) is a novel, oral fumarate with a distinct chemical structure that is approved in the U.S., the EU and several other countries 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.

### Key Development Program

Our R&D is focused on the development of innovative medicines in the fields of neuroscience and oncology that are designed to address unmet patient needs. 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 development 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***

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 preferentially expand tumor-killing immune cells while avoiding the activation of immunosuppressive cells by selectively 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 efficacy, safety and tolerability of less frequent dosing of IV nemvaleukin and pharmacokinetic and pharmacodynamic effects of IV nemvaleukin in the tumor microenvironment as a monotherapy and in combination with pembrolizumab in a variety of advanced solid tumors. ARTISTRY-6 is an ongoing 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. ARTISTRY-7 is an ongoing phase 3 study evaluating the efficacy, safety and tolerability of IV nemvaleukin as monotherapy and in combination with pembrolizumab compared to investigator’s choice chemotherapy in patients with platinum-resistant ovarian cancer.

In March 2021 and August 2021, we announced that the FDA granted Orphan Drug Designation and Fast Track designation, respectively, to nemvaleukin for the treatment of mucosal melanoma. In October 2021, we announced that the FDA granted Fast Track designation to nemvaleukin in combination with pembrolizumab for the treatment of platinum-resistant ovarian cancer.

## Results of Operations

### Product Sales, Net

Our product sales, net, consist of sales of VIVITROL, ARISTADA and ARISTADA INITIO, and, following its commercial launch in the U.S. in October 2021, LYBALVI, 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, ARISTADA INITIO and LYBALVI during the three and six months ended June 30, 2022 and 2021:

(In millions, except for % of Sales)	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	% of Sales	2021	% of Sales	2022	% of Sales	2021	% of Sales
Product sales, gross	\$ 386.8	100.0 %	\$ 343.5	100.0 %	\$ 729.2	100.0 %	\$ 616.1	100.0 %
Adjustments to product sales, gross:								
Medicaid rebates	(88.7)	(22.9) %	(88.1)	(25.6) %	(165.2)	(22.7) %	(159.0)	(25.8) %
Chargebacks	(41.5)	(10.7) %	(33.7)	(9.8) %	(75.3)	(10.3) %	(58.7)	(9.5) %
Product discounts	(30.8)	(8.0) %	(28.4)	(8.3) %	(57.7)	(7.9) %	(49.8)	(8.1) %
Medicare Part D	(16.5)	(4.3) %	(16.8)	(4.9) %	(32.5)	(4.5) %	(29.9)	(4.9) %
Other	(18.5)	(4.8) %	(15.7)	(4.6) %	(36.4)	(4.9) %	(27.9)	(4.5) %
Total adjustments	(196.0)	(50.7) %	(182.7)	(53.2) %	(367.1)	(50.3) %	(325.3)	(52.8) %
Product sales, net	\$ 190.8	49.3 %	\$ 160.8	46.8 %	\$ 362.1	49.7 %	\$ 290.8	47.2 %

The following table compares product sales, net revenues earned during the three and six months ended June 30, 2022 and 2021:

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
VIVITROL	\$ 96.1	\$ 88.4	\$ 7.7	\$ 181.0	\$ 163.0	\$ 18.0
ARISTADA and ARISTADA INITIO	74.6	72.4	2.2	147.1	127.8	19.3
LYBALVI	20.1	—	20.1	34.0	—	34.0
Product sales, net	\$ 190.8	\$ 160.8	\$ 30.0	\$ 362.1	\$ 290.8	\$ 71.3

VIVITROL product sales, gross, increased by 7% and 8% during the three and six months ended June 30, 2022, respectively, primarily due to increases of 1% and 4%, respectively, in the number of VIVITROL units sold and a 6% increase in the selling price of VIVITROL that went into effect in April 2022. ARISTADA and ARISTADA INITIO product sales, gross, increased by 2% and 14% during the three and six months ended June 30, 2022, respectively, primarily due to a 3% increase in the selling price of ARISTADA and ARISTADA INITIO that went into effect in April 2022. In addition, in the six months ended June 30, 2022, there was an 11% increase, as compared to the six months ended June 30, 2021, in the number of ARISTADA units sold.

The decreases in Medicaid rebates as a percentage of sales during the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to actual Medicaid utilization rates being lower than original estimates as such rates began to normalize from pandemic levels. The increases in chargebacks as a percentage of sales during the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to the increases in selling price of VIVITROL and ARISTADA, as described above, and increased utilization of certain federal government programs related to VIVITROL.

The following table compares manufacturing and royalty revenues earned during the three and six months ended June 30, 2022 and 2021:

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
<b>Manufacturing and royalty revenues:</b>						
Long-acting INVEGA products	\$ 26.6	\$ 81.0	\$ (54.4)	\$ 63.7	\$ 142.6	\$ (78.9)
VUMERITY	26.2	20.4	5.8	56.8	33.8	23.0
RISPERDAL CONSTA	10.4	14.4	(4.0)	27.8	28.6	(0.8)
Other	22.1	26.5	(4.4)	42.2	57.1	(14.9)
<b>Manufacturing and royalty revenues</b>	<b>\$ 85.3</b>	<b>\$ 142.3</b>	<b>\$ (57.0)</b>	<b>\$ 190.5</b>	<b>\$ 262.1</b>	<b>\$ (71.6)</b>

Our agreements with Janssen related to the long-acting INVEGA products provide for tiered royalty payments, 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 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.

The decreases in royalty revenues from the long-acting INVEGA products during the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to the partial termination of our license agreement with Janssen related to such products. When the partial termination of the license agreement became effective in February 2022, we stopped recognizing royalty revenue related to net sales of INVEGA SUSTENNA, INVEGA TRINZA and INVEGA HAFYERA in the U.S. During the three and six months ended June 30, 2022, Janssen's rest of world net sales were \$362.0 million and \$749.0 million, respectively, as compared to \$380.0 million and \$756.0 million during the three and six months ended June 30, 2021, respectively.

We expect royalty revenues from net sales of XEPLION, TREVICTA and BYANNLI to decrease over time. The amount and timing of royalty revenues from sales of INVEGA SUSTENNA, INVEGA TRINZA and INVEGA HAFYERA depend upon the outcome of our dispute with Janssen related to the basis for its partial termination of our license agreement in respect of these products. In November 2021, we received notice of partial termination of our license agreement with Janssen in respect of INVEGA SUSTENNA, INVEGA TRINZA and INVEGA HAFYERA pursuant to which Janssen received access and rights to Alkermes' small particle pharmaceutical compound technology, known as NanoCrystal Technology. When the partial termination became effective in February 2022, Janssen ceased paying royalties related to sales of INVEGA SUSTENNA, INVEGA TRINZA and INVEGA HAFYERA in the U.S. and the Company stopped recognizing royalty revenue related to net sales of these products. In April 2022, we commenced binding arbitration proceedings related to, among other things, Janssen's partial termination of this license agreement and Janssen's royalty and other obligations under the agreement. For additional information regarding the arbitration proceedings with Janssen, see Note 15, *Commitments and Contingent Liabilities* in the "Notes to Condensed Consolidated Financial Statements" in this Form 10-Q. For more information about the license agreement with Janssen in respect of the long-acting INVEGA products, see the "Collaborative Arrangements—Janssen" section in "Part I, Item 1—Business" in our Annual Report. For information about risks relating to the notice of partial termination and our collaborative arrangements more broadly, see "Part I, Item 1A—Risk Factors" in our Annual Report and specifically that section entitled "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, or if disputes arise in respect of our contractual arrangements, our revenues could be materially adversely affected."

In addition, each of INVEGA SUSTENNA and INVEGA TRINZA are currently subject to Paragraph IV litigation in response to companies seeking to market generic versions of such products. Increased competition from new products or generic versions of these products may lead to reduced unit sales of such products and increased pricing pressure. For a discussion of these legal proceedings, see Note 15, *Commitments and Contingent Liabilities* in the "Notes to Condensed Consolidated Financial Statements" in this Form 10-Q and for information about risks relating to these 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."

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 during the three months ended June 30, 2022, as compared to the three months ended June 30, 2021, was primarily due to a decrease of \$3.4 million in manufacturing revenue and a decrease of \$0.6 million in royalty revenue. The decrease in revenue from RISPERDAL CONSTA during the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, was primarily due to a \$2.3 million decrease in royalty revenue, partially offset by a \$1.5 million increase in manufacturing revenue. The decrease in manufacturing revenue during the three months ended June 30, 2022, as compared to the three months ended June 30, 2021, was primarily due to a decrease in our manufacturing fee. Pursuant to the terms of our manufacturing and supply agreement with Janssen, our manufacturing fee decreases as forecasted manufacturing production increases. Based on Janssen's anticipated volume increases, our manufacturing fee decreased from 8.6% to 7.9% of Janssen's net unit sales price. This decrease was partially offset by an increase in shipments to Janssen during the three months ended June 30, 2022, as compared to the three months ended June 30, 2021. The increase in manufacturing revenue during the six months ended June 30, 2022, as compared to the six months ended June 30, 2021 was primarily due to an increase in the number of units approved for shipment to Janssen, partially offset by the decrease in our manufacturing fee, as noted above. The decreases in royalty revenue in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were due to decreases in end-market sales of RISPERDAL CONSTA, which were \$125.0 million and \$254.0 million during the three and six months ended June 30, 2022, respectively, as compared to \$155.0 million and \$312.0 million during the three and six months ended June 30, 2021, respectively.

We expect revenues from RISPERDAL CONSTA to decrease over time. The latest to expire patent covering RISPERDAL CONSTA expired in 2021 in the EU and will expire in 2023 in the U.S., and we are aware of potential generic competition for RISPERDAL CONSTA that may lead to reduced unit sales and increased pricing pressure.

We receive a 15% royalty on worldwide net sales of VUMERITY. We also 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. The increases in revenue from VUMERITY during the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to increases in royalty revenue. Royalty revenue increased by \$6.9 million and \$15.1 million in the three and six months ended June 30, 2022, respectively, as compared to the three and six months ended June 30, 2021. Net sales of VUMERITY were \$136.8 million and \$264.8 million during the three and six months ended June 30, 2022, respectively, as compared to \$90.8 million and \$164.1 million during the three and six months ended June 30, 2021, respectively. Manufacturing revenue increased by \$7.9 million in the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, due to an increase in the number of packaged batches that were manufactured for Biogen. Manufacturing revenue decreased by \$1.1 million in the three months ended June 30, 2022, as compared to the three months ended June 30, 2021, primarily due to the manufacture of fewer commercial batches, as we work with Biogen and one of its suppliers to address a manufacturing issue, which, if it persists, will continue to negatively impact our manufacturing revenue and may negatively impact our royalty revenues.

## Costs and Expenses

### Cost of Goods Manufactured and Sold

(In millions)	Three Months Ended June 30,			Change	Six Months Ended June 30,			Change
	2022	2021			2022	2021		
Cost of goods manufactured and sold	\$ 58.4	\$ 53.1	\$ 5.3	\$ 113.5	\$ 94.1	\$ 19.4		

The increases in cost of goods manufactured and sold in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to increases of \$1.4 million and \$8.0 million, respectively, in the cost of goods manufactured for VUMERITY and increases of \$5.1 million and \$6.9 million, respectively, in the cost of goods sold for LYBALVI. In addition, in the six months ended June 30, 2022, there was an increase of \$3.2 million, as compared to the six months ended June 30, 2021, in the cost of goods manufactured for RISPERDAL CONSTA. These increases were all related to an increase in the number of units manufactured and sold for each of these products, as discussed above.

Research and Development Expenses

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, 2022 and 2021 relating to our then current development programs and our internal R&D expenses, listed by the nature of such expenses:

(In millions)	Three Months Ended June 30,			Change	Six Months Ended June 30,			Change
	2022	2021			2022	2021		
External R&D expenses:								
Development programs:								
nemvaleukin	\$ 17.1	\$ 22.7	\$ (5.6)	\$ 36.6	\$ 41.3	\$ (4.7)		
LYBALVI	3.4	7.7	(4.3)	9.2	14.5	(5.3)		
ALKS 1140	0.6	1.0	(0.4)	2.3	2.3	—		
Other external R&D expenses	18.0	14.0	4.0	33.7	28.1	5.6		
Total external R&D expenses	<u>39.1</u>	<u>45.4</u>	<u>(6.3)</u>	<u>81.8</u>	<u>86.2</u>	<u>(4.4)</u>		
Internal R&D expenses:								
Employee-related	40.6	38.9	1.7	80.7	76.8	3.9		
Occupancy	4.5	5.0	(0.5)	8.7	9.8	(1.1)		
Depreciation	2.9	2.9	—	5.7	6.3	(0.6)		
Other	5.7	5.2	0.5	11.9	10.6	1.3		
Total internal R&D expenses	<u>53.7</u>	<u>52.0</u>	<u>1.7</u>	<u>107.0</u>	<u>103.5</u>	<u>3.5</u>		
Research and development expenses	<u>\$ 92.8</u>	<u>\$ 97.4</u>	<u>\$ (4.6)</u>	<u>\$ 188.8</u>	<u>\$ 189.7</u>	<u>\$ (0.9)</u>		

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 preclinical and/or clinical trials, our expectations regarding the likelihood of their regulatory approval and our view of their future potential commercial viability, among other factors.

The decreases in expenses related to nemvaleukin in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to decreased spend on the ARTISTRY-1 and ARTISTRY-2 studies, partially offset by increased clinical spend on the ARTISTRY-7 study. For details on 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 decreases in expenses related to LYBALVI in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to decreased R&D activities for the product in light of its commercial launch in October 2021. The increases in other external R&D expenses in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to increases of \$1.2 million and \$4.6 million, respectively, related to our early-stage development programs.

The increases in employee-related expense in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily related to increases of \$1.3 million and \$2.0 million, respectively, in labor and benefits, primarily due to increases in recruitment costs and temporary labor, and increases of \$0.1 million and \$1.7 million, respectively, in R&D-related share-based compensation expense.

Selling, General and Administrative Expense

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Selling and marketing expense	\$ 95.3	\$ 85.7	\$ 9.6	\$ 191.5	\$ 165.4	\$ 26.1
General and administrative expense	\$ 55.0	\$ 53.5	\$ 1.5	\$ 103.9	\$ 99.0	\$ 4.9
Selling, general and administrative expense	\$ 150.3	\$ 139.2	\$ 11.1	\$ 295.4	\$ 264.4	\$ 31.0

The increases in selling and marketing expense in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to increases in marketing expenses of \$4.2 million and \$7.9 million, respectively, and increases in professional service fees of \$2.3 million and \$4.7 million, respectively, in each case primarily due to commercial launch activities for LYBALVI, and increases in employee-related expenses of \$2.4 million and \$10.2 million, respectively, primarily due to a 7% increase in selling and marketing headcount from June 30, 2021 to June 30, 2022 in support of the launch of LYBALVI.

The increases in general and administrative expense in the three and six months ended June 30, 2022, as compared to the three and six months ended June 30, 2021, were primarily due to increases in professional service fees of \$5.3 million and \$7.3 million, respectively, partially offset by decreases in general and administrative-related share-based compensation expense of \$3.6 million and \$3.7 million, respectively.

Other (Expense) Income, Net

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Interest income	\$ 0.9	\$ 0.6	\$ 0.3	\$ 1.5	\$ 1.5	\$ —
Interest expense	(2.3)	(2.4)	0.1	(4.7)	(6.4)	1.7
Change in the fair value of contingent consideration	0.9	3.2	(2.3)	(18.2)	4.5	(22.7)
Other income (expense), net	1.7	(0.2)	1.9	4.2	(0.6)	4.8
Total other (expense) income, net	\$ 1.2	\$ 1.2	\$ —	\$ (17.2)	\$ (1.0)	\$ (16.2)

The increase in total other (expense) income, net in the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, was primarily due to the change in the fair value of contingent consideration as a result of an increase in the risk of non-payment of future cash flows. The reasons for the increase in the risk of non-payment and the valuation approach used to determine the fair value of the contingent consideration are discussed in greater detail in Note 5, *Fair Value*, in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q. This was partially offset by a \$2.1 million decrease in interest expense due to certain financing costs related to the Term Loan Refinancing completed in March 2021 and proceeds received in connection with the Fountain transaction in March 2022. The Term Loan Refinancing is discussed in Note 11, *Long-Term Debt* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q. The Fountain transaction is discussed in Note 4, *Investments*, in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q.

Income Tax (Benefit) Provision

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Income tax (benefit) provision	\$ (3.1)	\$ 3.3	\$ (6.4)	\$ (12.2)	\$ 7.1	\$ (19.3)

The income tax (benefit) provision in the three months ended June 30, 2022 and 2021, respectively, primarily related to U.S. federal and state taxes. The favorable change in the income tax (benefit) provision was primarily due to an enhanced FDII deduction as a result of a change to Section 174 of the TCJA in relation to capitalization and amortization of R&D expenses. The income tax (benefit) in the six months ended June 30, 2022 was primarily due to the enhanced FDII deduction. The FDII deduction is discussed in Note 14, *Income Taxes* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q. 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.

## Liquidity and Financial Condition

Our financial condition is summarized as follows:

(In millions)	June 30, 2022			December 31, 2021		
	U.S.	Ireland	Total	U.S.	Ireland	Total
Cash and cash equivalents	\$ 150.1	\$ 104.5	\$ 254.6	\$ 88.6	\$ 248.9	\$ 337.5
Investments—short-term	170.4	155.9	326.3	144.5	54.3	198.8
Investments—long-term	106.9	72.1	179.0	163.0	66.4	229.4
Total cash and investments	\$ 427.4	\$ 332.5	\$ 759.9	\$ 396.1	\$ 369.6	\$ 765.7
Outstanding borrowings—short and long-term	\$ 294.5	\$ —	\$ 294.5	\$ 295.8	\$ —	\$ 295.8

At June 30, 2022 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	\$ 329.5	\$ —	\$ (3.2)	\$ —	\$ 326.3
Investments—long-term available-for-sale	183.0	—	(5.8)	—	177.2
Investments—long-term held-to-maturity	1.8	—	—	—	1.8
Total	\$ 514.3	\$ —	\$ (9.0)	\$ —	\$ 505.3

### Sources and Uses of Cash

We generated \$19.4 million and used \$12.1 million of cash from operating activities during the six months ended June 30, 2022 and 2021, respectively. We expect that our existing cash, cash equivalents and investments will be sufficient to finance our anticipated working capital and other cash requirements, such as capital expenditures and principal and interest payments on our long-term debt, for at least the twelve months following the date from which our financial statements were issued. 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, arrangements relating to assets or other financing methods or structures. In addition, the 2026 Term Loans have an incremental facility capacity in an amount of \$175.0 million, plus additional potential amounts, provided that we meet certain conditions, including a specified leverage ratio.

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 and backed by non-U.S. governments. Our held-to-maturity investments consist of investments that are 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 twelve 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, 2022, we performed an analysis of our investments with unrealized losses for impairment and determined that they were not impaired.

We have no off-balance sheet arrangements that are reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources in the next twelve months.

The following table summarizes our cash flows for the six months ended June 30, 2022 and 2021:

(In millions)	Six Months Ended June 30,	
	2022	2021
Cash and cash equivalents, beginning of period	\$ 337.5	\$ 273.0
Cash flows provided by (used in) operating activities	19.4	(12.1)
Cash flows used in investing activities	(101.2)	(33.8)
Cash flows (used in) provided by financing activities	(1.1)	31.2
Cash and cash equivalents, end of period	\$ 254.6	\$ 258.3

Cash flows from operating activities represent the cash receipts and disbursements related to all of our activities other than investing and financing activities. Operating cash flow is derived by adjusting our net loss for non-cash operating items such as depreciation, amortization and share-based compensation and changes in operating assets and liabilities, which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in our results of operations.

The change in cash flows from operating activities was primarily due to an increase in cash provided by working capital, offset by an increase in our net loss, net of adjustments to reconcile net loss to cash flows from operating activities. The increase in cash from working capital was primarily related to an increase in cash flows from accounts receivable and decreases in cash flows used in inventory and accounts payable and accrued expenses, partially offset by increases in cash flows used for contract assets, prepaid expenses and other current assets and contract liabilities.

The increase in cash flows used in investing activities was primarily due to a \$58.7 million increase in net purchase of investments, a \$6.8 million decrease in payments received in connection with the contingent consideration resulting from the Gainesville Transaction and a \$3.2 million increase in capital expenditures.

The change in cash flows from financing activities was primarily due to \$23.6 million in proceeds from the Term Loan Refinancing, which we received in the six months ended June 30, 2021, and a \$9.0 million decrease in the amount of cash that we received upon exercises of employee stock options, net of employee taxes.

#### Debt

At June 30, 2022, the principal balance of our borrowings consisted of \$296.3 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.

#### 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 conditions or using different assumptions. 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.

In relation to our contingent consideration, in light of Baudax’s disclosures regarding its ability to continue as a going concern, in March 2022 we increased our assessment of the likelihood that Baudax would default on its obligations to us to 100% from our prior determined likelihood of 55% as of December 31, 2021, and adjusted the recovery rate to 9% in March 2022 from 18% as of December 31, 2021. For further information regarding the calculation of the fair value of this contingent consideration, refer to Note 5, *Fair Value* in the “Notes to Condensed Consolidated Financial Statements” in this Form 10-Q.

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, 2021, 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 that 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, 2021.

**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, 2022. 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, 2022 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 15, *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, 2022. As of June 30, 2022, 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, 2022, we acquired 18,566 of our ordinary shares, at an average price of \$27.69 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, 2022, each of Dr. Craig C. Hopkinson and Mr. C. Todd Nichols, executive officers of the Company, and Mr. David W. Anstice AO, a former director 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 May 13, 2022.</a>
10.1 †	<a href="#">Alkermes plc 2018 Stock Option and Incentive Plan, as amended (incorporated by reference from Exhibit 10.1 to the Alkermes plc Current Report on Form 8-K (File No. 001-35299) filed on July 7, 2022).</a>
10.1.1 #†	<a href="#">Form of Non-Employee Director New Director Grant Non-Qualified Stock Option Award Certificate under the Alkermes plc 2018 Stock Option and Incentive Plan, as amended.</a>
10.1.2 #†	<a href="#">Form of Non-Employee Director New Director Grant Restricted Stock Unit (Time-Vesting) Award Certificate under the Alkermes plc 2018 Stock Option and Incentive Plan, as amended.</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  
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 27, 2022

Companies Act 2014

A PUBLIC LIMITED COMPANY

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CONSTITUTION

of

ALKERMES PUBLIC LIMITED COMPANY

(amended and restated by Special Resolution dated 13 May 2022)

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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.
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- 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, 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.
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- 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 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
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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 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.
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- 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, 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.
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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 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 13 May 2022)**

**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;

“**Available Director Positions**” shall have the meaning given to such term in Article 151.2;

“**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;

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“**contested election**” shall have the meaning given to such term in Article 151.2;

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

“**Director Nominees**” shall have the meaning given to such term in Article 151.2;

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

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

“**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;

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“**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

“**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**

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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 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.
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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**

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**

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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,
- 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
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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 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
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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 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

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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

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.

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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;
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- 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;
- 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
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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 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
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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 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
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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 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;
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- 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
  - (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**

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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 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
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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 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

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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 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
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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 (i) 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 or (ii) as otherwise required by Article 151, any question proposed for a decision of the Members at any general meeting of the Company or a decision of any class of 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
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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 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
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one hundred and eightieth (180th) day prior to such annual general meeting and not later than the later of the one hundred and twentieth (120th) day prior to such annual general meeting or the tenth (10th) 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 (180th) day prior to such general meeting and not later of the one hundred and twentieth (120th) day prior to such general meeting or the tenth (10th) 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, 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

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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
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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 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
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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 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
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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 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
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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 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
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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 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**

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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 or prescribed by these Articles (including Article 114 and Article 151), 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 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.
151. Subject to Article 114, each Director shall be elected by an Ordinary Resolution at an annual general meeting (or an extraordinary general meeting called for that purpose), *provided that*:
- 151.1 if, at any general meeting of the Company other than at a meeting with a contested election as described in 151.2 below, the number of Directors is reduced below the
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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; and

- 151.2 if, at the time the Company files its proxy statement for any general meeting of the Company, the number of persons who are at such time validly nominated in accordance with these Articles for election or re-election as Directors (such persons collectively, the “**Director Nominees**”) exceeds the number of Directors to be elected at such general meeting in accordance with Articles 114 and 149 (the “**Available Director Positions**” and such an election, a “**contested election**”), then only those Director Nominees in number equal to the Available Director Positions who receive the highest number of votes in favour of their election by the Members present in person or represented by proxy at such meeting and entitled to vote on the election of Directors shall be elected as Directors. For clarity, notwithstanding the withdrawal of any nominations for Directors in a contested election subsequent to the time the Company files its proxy statement, the plurality voting provisions of this Article 151.2 will continue to apply to the election of Directors at any such meeting.

#### 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
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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**

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
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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 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

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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.

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
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- (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.

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

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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.
- 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.
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- 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.
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.

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**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 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
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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 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
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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.
- 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
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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.

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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.

<u>Names, addresses and descriptions of subscribers</u>	<u>Number of Shares taken by each subscriber</u>
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

**2018 Plan Award Certificate – Non-Employee Director New Director Grant Non-Qualified Stock Option**

Alkermes plc  
 Connaught House  
 1 Burlington Road  
 Dublin 4, Ireland

Name:	Participant Name
Address:	Participant Address
Grant ID:	Grant ID
Plan:	Plan ID
ID:	Optionee ID

Effective [Grant Date] (the "Grant Date"), you have been granted a non-qualified stock option (the "NQ Option") to buy [Award Grant Amount] ordinary shares, par value \$0.01 per share (the "Shares"), of Alkermes plc (the "Company") with an exercise price of \$[Grant Price] per share.

The NQ Option was granted under the Alkermes plc 2018 Stock Option and Incentive Plan (the "Plan"), and is governed by the terms and conditions thereof and of this award certificate (this "Award Certificate"). A copy of the Plan is available upon request. Unless otherwise defined in this Award Certificate, all capitalized terms used in this Award Certificate shall have the respective meanings ascribed to them in the Plan.

Vesting details for the NQ Option are available via your Bank of America Merrill Lynch Benefits Online account. The NQ Option shall expire on the earlier to occur of: (i) the 10th anniversary of the Grant Date or (ii) three years after any termination of your service relationship with the Company.

In the event your service relationship with the Company is terminated as a result of the shareholders of the Company not electing or re-electing you, as the case may be, to the Company's board of directors at the first annual general meeting of the Company's shareholders at which your nomination as a director is voted upon by the Company's shareholders, the NQ Option shall be subject to partial forfeiture effective upon such termination, with the percentage of shares underlying the NQ Option that are to be forfeited equal to the number of days remaining in the full vesting period for the NQ Option (as measured on the date of such termination), divided by the total number of days in the full vesting period for the NQ Option, with the number of shares to be forfeited based on such calculation rounded to the nearest whole share. In the event of a partial forfeiture pursuant to this paragraph, all subsequent references to the defined term "NQ Option" in this Award Certificate shall be deemed to refer to the non-forfeited portion of the NQ Option.

In the event of the termination of your service relationship with the Company, the NQ Option shall vest and become exercisable in full on the date of such termination, and the period during which the NQ Option may be exercised (to the extent that it is exercisable on the date of such termination) shall be three years following the date of such termination, *provided, however*, that in no event shall such three-year period extend beyond the original term of the NQ Option.

The grant of the NQ Option does not infer any right to, or expectation of, the grant of any additional Options or other Awards on the same basis or at all, in any future year. Participation in the Plan shall in no way give you any rights to compensation for any claim of loss in relation to the Plan, including without limitation:

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- (a) any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason;
- (b) any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; or
- (c) the operation, suspension, termination or amendment of the Plan.

Any controversy or claim arising out of or relating to this Award Certificate and/or the NQ Option shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Boston, Massachusetts, USA, in accordance with the rules and procedures of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

You may not be issued any Shares in respect of the NQ Option unless either (i) the Shares are registered under the Securities Act of 1933, as amended (the "Securities Act"); or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. The NQ Option also must comply with other applicable laws and regulations governing the NQ Option, and you will not receive such Shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

The Company has no duty or obligation to minimize the tax consequences to you of the NQ Option and will not be liable to you for any adverse tax consequences to you arising in connection with the NQ Option. You are advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of the NQ Option.

This Award Certificate may not be modified or amended except in a writing signed by you and a duly authorized officer of the Company. Notwithstanding the foregoing, the Administrator reserves the right to modify or amend, by written notice to you, the terms of the NQ Option and/or this Award Certificate in any way it may deem necessary or advisable (i) as a result of any change in applicable laws or regulations, or any future law, regulation, ruling, or judicial decision, in each case applicable to the NQ Option, or (ii) for any other legal purpose, *provided that* (in each case of (i) or (ii) above), no such modification or amendment shall adversely affect your rights under the NQ Option and/or this Award Certificate without your written consent.

Alkermes plc

\_\_\_\_\_  
By: \_\_\_\_\_, \_\_\_\_\_

**2018 Plan Award Certificate – Non-Employee Director New Director Grant Restricted Stock Unit (Time-Vesting)**

Alkermes plc  
 Connaught House  
 1 Burlington Road  
 Dublin 4, Ireland

Name:	Participant Name
Address:	Participant Address
Grant ID:	Grant ID
Plan:	Plan ID
ID:	Grantee ID

Effective [Grant Date] (the "Grant Date"), you have been granted a time-vesting restricted stock unit award (the "RSU"). The RSU is for a total of [Award Grant Amount] ordinary shares, par value \$0.01 per share (the "Shares"), of Alkermes plc (the "Company").

The RSU was granted under the Alkermes plc 2018 Stock Option and Incentive Plan (the "Plan") and is governed by the terms and conditions thereof and of this award certificate (this "Award Certificate"). A copy of the Plan is available upon request. Unless otherwise defined in this Award Certificate, all capitalized terms used in this Award Certificate shall have the respective meanings ascribed to them in the Plan.

Vesting details for the RSU are available via your Bank of America Merrill Lynch Benefits Online account.

You must be in a service relationship with the Company on each vesting date in order to receive the Shares that vest on each such date. The Company will deliver to you a number of Shares equal to the number of vested Shares underlying your RSU, subject to the satisfaction of tax withholding obligations as set forth in the Plan, within three business days of each applicable vesting date. Delivery of the Shares in settlement of your RSU is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner.

In the event your service relationship with the Company is terminated as a result of the shareholders of the Company not electing or re-electing you, as the case may be, to the Company's board of directors at the first annual general meeting of the Company's shareholders at which your nomination as a director is voted upon by the Company's shareholders, the RSU shall be subject to partial forfeiture effective upon such termination, with the percentage of shares underlying the RSU that are to be forfeited equal to the number of days remaining in the full vesting period for the RSU (as measured on the date of such termination), divided by the total number of days in the full vesting period for the RSU, with the number of shares to be forfeited based on such calculation rounded to the nearest whole share. In the event of a partial forfeiture pursuant to this paragraph, all subsequent references to the defined term "RSU" in this Award Certificate shall be deemed to refer to the non-forfeited portion of the RSU.

In the event of the termination of your service relationship with the Company, the RSU shall automatically vest in full, effective upon such termination.

The grant of the RSU does not infer any right to, or expectation of, the grant of any additional Awards on the same basis or at all, in any future year. Participation in the Plan shall in no way give you any rights to compensation for any claim of loss in relation to the Plan, including without limitation:

- (a) any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason;
- (b) any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; or
- (c) the operation, suspension, termination or amendment of the Plan.

Any controversy or claim arising out of or relating to this Award Certificate and/or the RSU shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Boston, Massachusetts, USA, in accordance with the rules and procedures of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

You may not be issued any Shares in respect of the RSU unless either (i) the Shares are registered under the Securities Act of 1933, as amended (the "Securities Act"); or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. The RSU also must comply with other applicable laws and regulations governing the RSU, and you will not receive such Shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

The Company has no duty or obligation to minimize the tax consequences to you of the RSU and will not be liable to you for any adverse tax consequences to you arising in connection with the RSU. You are advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of the RSU.

This Award Certificate may not be modified or amended except in a writing signed by you and a duly authorized officer of the Company. Notwithstanding the foregoing, the Administrator reserves the right to modify or amend, by written notice to you, the terms of the RSU and/or this Award Certificate in any way it may deem necessary or advisable (i) as a result of any change in applicable laws or regulations, or any future law, regulation, ruling, or judicial decision, in each case applicable to the RSU, or (ii) for any other legal purpose, *provided that* (in each case of (i) or (ii) above), no such modification or amendment shall adversely affect your rights under the RSU and/or this Award Certificate without your written consent.

Alkermes plc

\_\_\_\_\_  
By: \_\_\_\_\_, \_\_\_\_\_

## 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.

Date: July 27, 2022

/s/ Richard F. Pops  
Richard F. Pops

Chairman and Chief Executive Officer  
(Principal Executive Officer)

## 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.

Date: July 27, 2022

/s/ Iain M. Brown

Iain M. Brown

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

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

In connection with the Quarterly Report on Form 10-Q of Alkermes plc (the "Company") for the period ended June 30, 2022 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.

Date: July 27, 2022

/s/ Richard F. Pops

Richard F. Pops

Chairman and Chief Executive Officer  
(Principal Executive Officer)

Date: July 27, 2022

/s/ Iain M. Brown

Iain M. Brown

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