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# SARISSA CAPITAL

M A N A G E M E N T L P

Alkermes Presentation  
June 6, 2023

# Alkermes develops, manufactures and commercializes innovative medicines

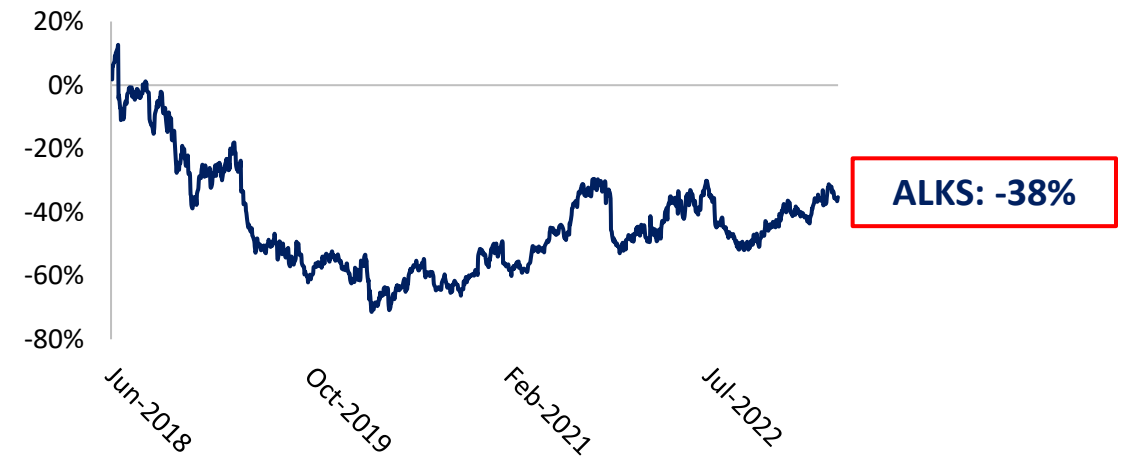


Global pharma company headquartered in Ireland, founded in 1987

## Financial Summary

<b>Share Price (\$) (06/02/23)</b>	<b>29.51</b>
Basic shares outstanding (mm)	166.1
<b>Market Cap (\$M)</b>	<b>4,902</b>
+ Debt (\$M)	293
- Cash (\$M)	693
<b>Enterprise Value (\$M)</b>	<b>4,502</b>

## 5 Year Total Return



Source: Bloomberg (June 2, 2023)

# Alkermes is made up of a patchwork of subscale business units

Commercial products for addiction and mental illnesses

Royalties from drugs with licensed Alkermes technology

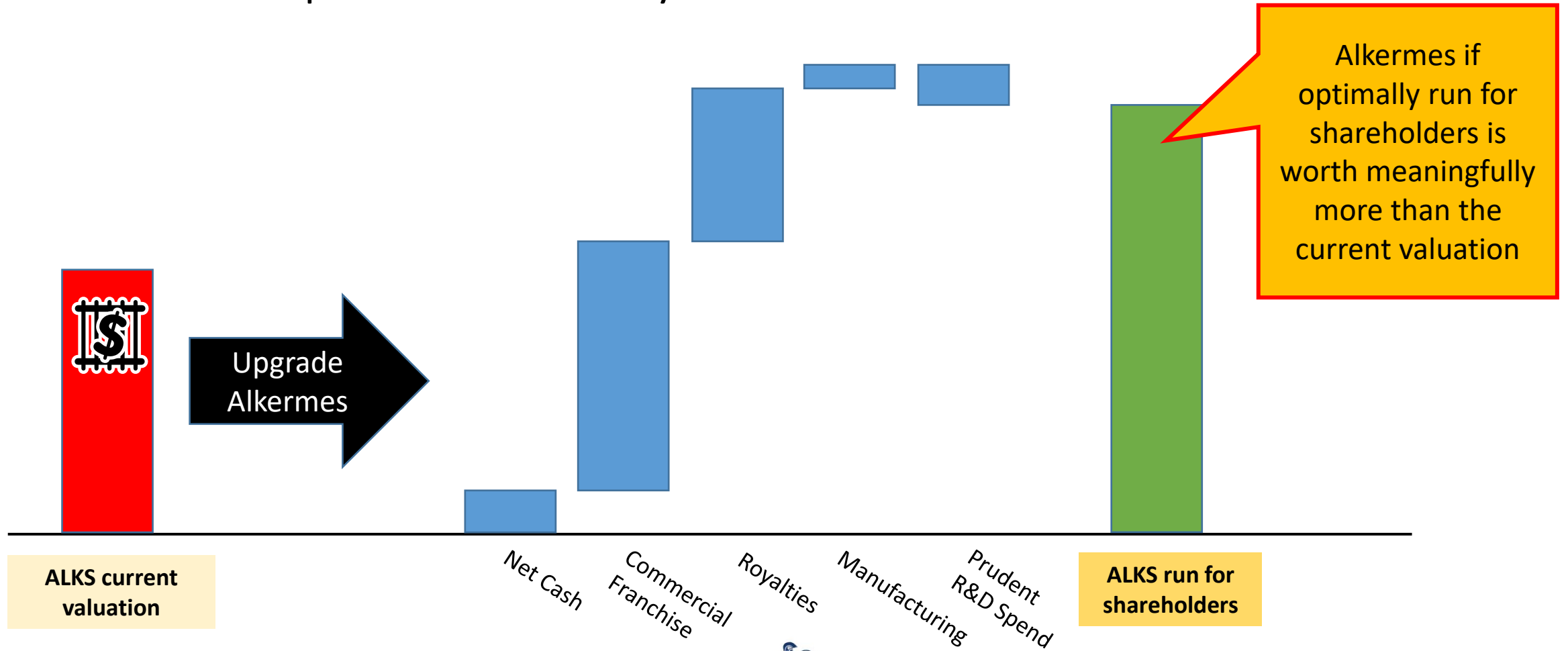
Manufacturing

Research and Development

Oncology (to be spun)



# Alkermes' assets are valuable, but the current business model traps and destroys shareholder value



Note: not to scale

# Sarissa Capital has best-in-class expertise in constructive shareholder engagement in the healthcare sector

## Strategy

Sarissa Capital, founded in 2013, is an institutional fund focused on constructive shareholder engagement in the healthcare sector

## Investment Process

A bottom-up approach focusing on high quality drugs at deep value entry points. Actively works to execute an operational turnaround often through board influence and shareholder support

# Sarissa has a history of creating value for shareholders in the healthcare space



**Acquired 2014, \$3.85 Bn**

- Position initiated 2013



**Acquired 2017, \$5.2 Bn**

- Position initiated 2013
- Sarissa joined board 2014
- Chairman of the Board 2016 - 2017



**Acquired 2018, \$11.6 Bn**

- Position initiated 2017
- Sarissa joined board 2017



**Acquired 2020, \$9.7 Bn**

- Position initiated 2015
- Sarissa joined board 2016
- Chairman of the Board 2018 - 2020



Although Sarissa feels strongly about board representation, we have made significant efforts to settle

- We are trying hard to avoid this proxy contest and have offered reasonable settlement compromises including delaying our appointment to the board and making it contingent upon stock price targets not being met

Instead of accepting Sarissa's latest proposal,  
Alkermes offered to meet with us twice per year

Sarissa



Alkermes



Particularly odd given most  
companies meet with major  
shareholders at least four  
times per year as matter of  
course



# VOTE THE **BLUE** UNIVERSAL CARD TO UPGRADE ALKERMES

ONLY VOTE 1 CARD. DISCARD THE WHITE PROXY CARD

- Vote “**FOR**” the election of Sarissa Nominees
- Vote “**AGAINST**” the compensation of the Company’s named executive officers
- Vote “**FOR**” all other proposals in our proxy statement

Vote before General Meeting of Alkermes shareholders scheduled for June 29, 2023.  
We urge all shareholders to vote today.

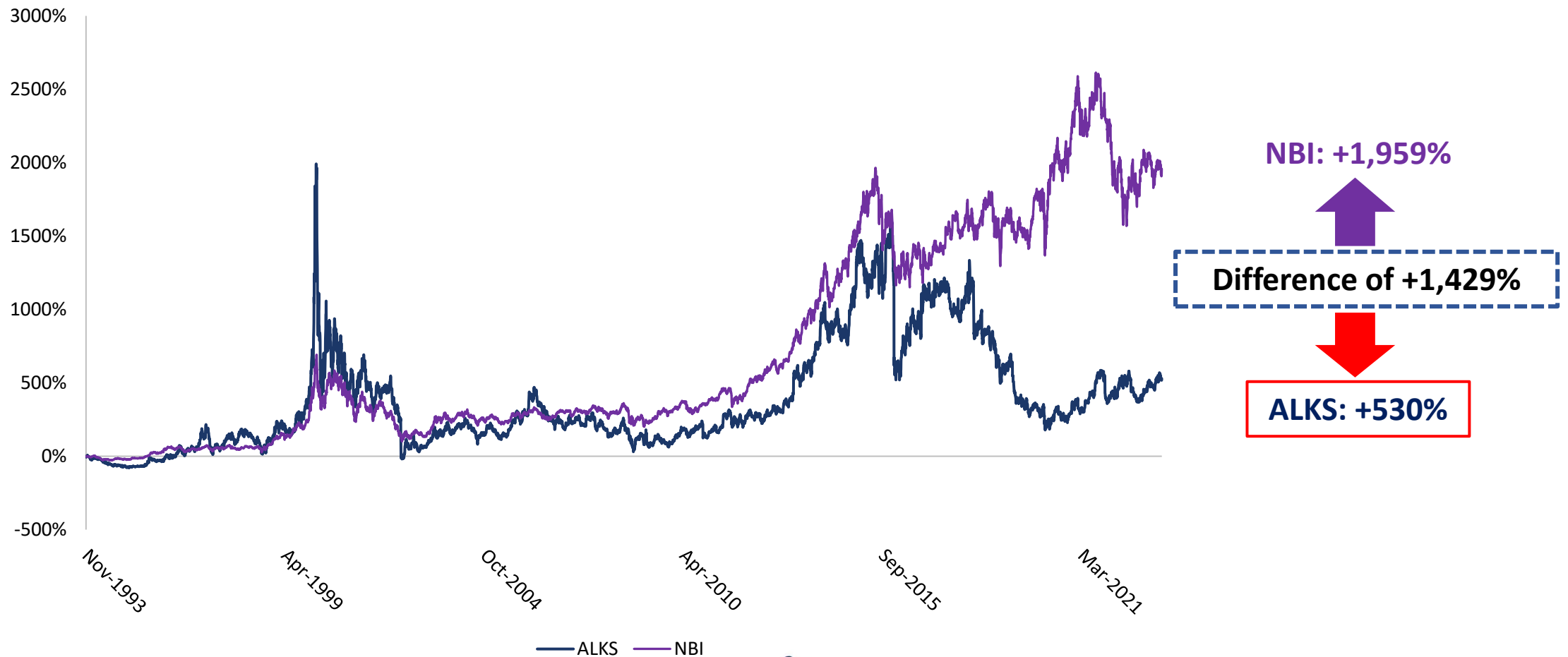
[UPGRADEALKERMES.COM](https://UPGRADEALKERMES.COM)



# Summary

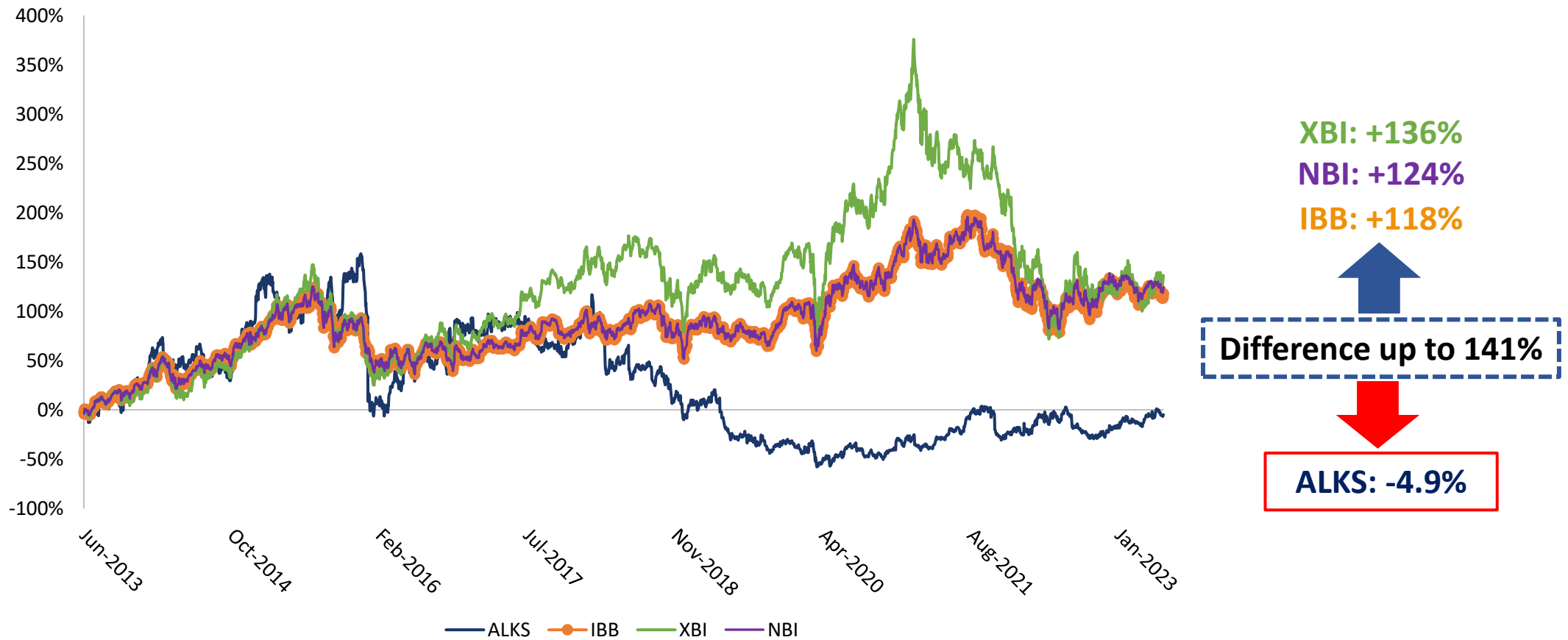
- Alkermes has destroyed meaningful shareholder value
- Alkermes is a hodgepodge of businesses
- Pops is the wrong person to lead
- Adding Sarissa representatives to the board of directors will add needed perspectives and skills and unlock shareholder value

# Alkermes' price performance since its early years in public market is dreadful compared to biotech index



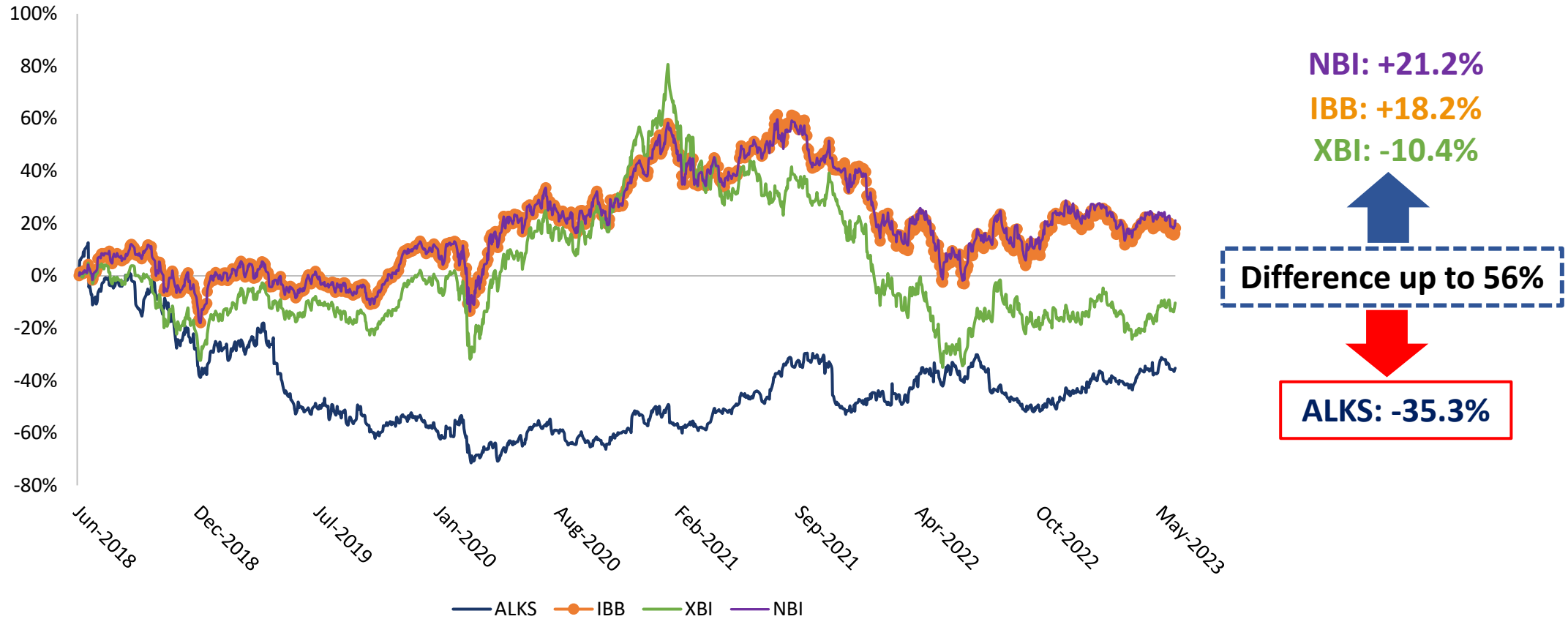
Nasdaq Biotechnology Index (NBI) started 11/1/1993  
Source: Bloomberg (6/2/23)

# ALKS price performance last 10 years



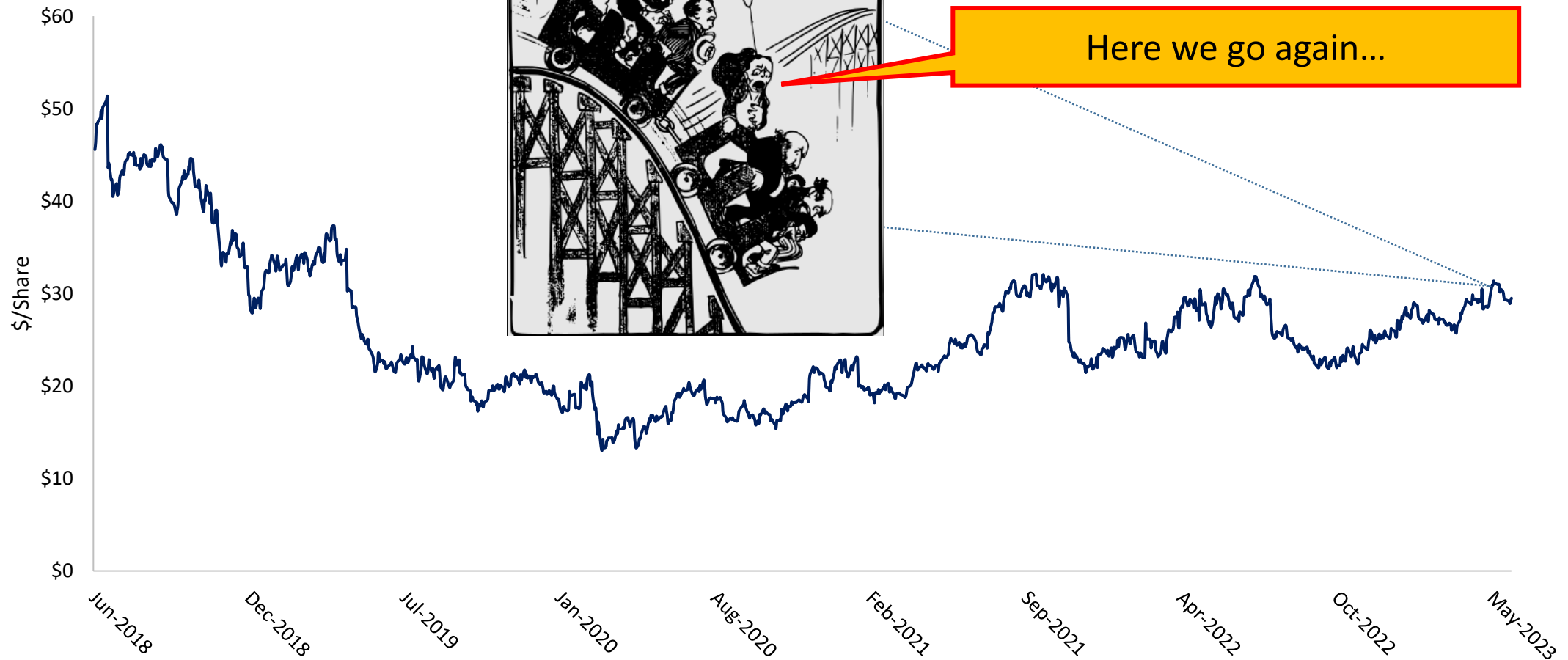
Source: Bloomberg (6/2/23)

# ALKS price performance last 5 years



Source: Bloomberg (6/2/23)

# ALKS recent stock price movement... déjà vu all over again

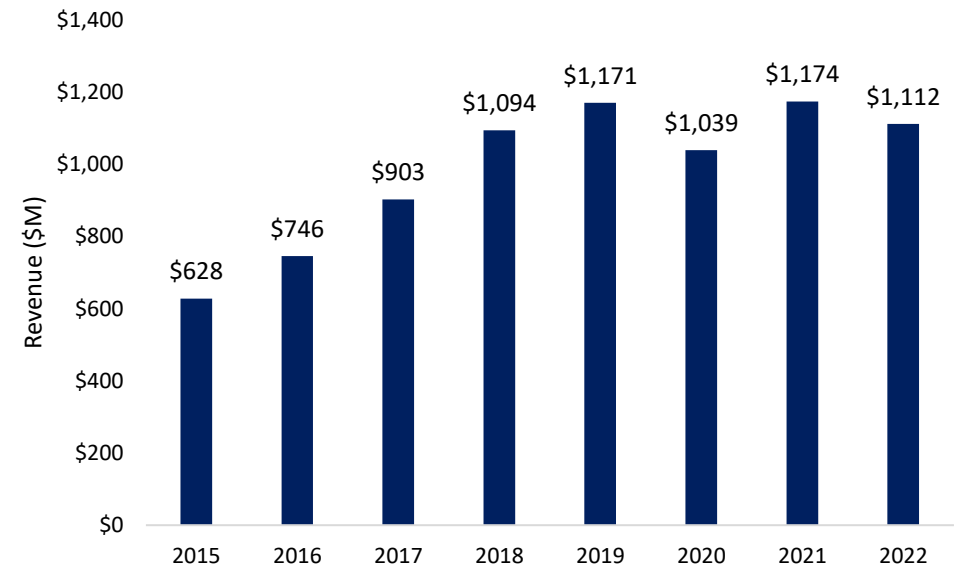
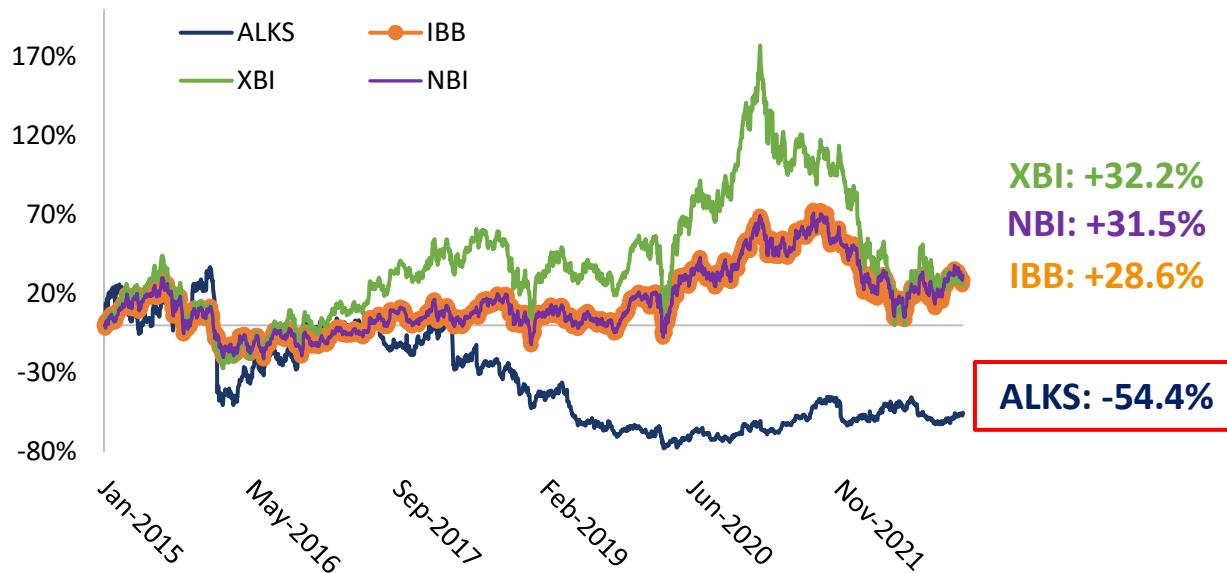


Source: Bloomberg (6/2/23)

# Since 2015 Alkermes has almost doubled revenue to >\$1 Bn...but ALKS stock price has more than halved

Alkermes stock price performance has been poor vs Indexes

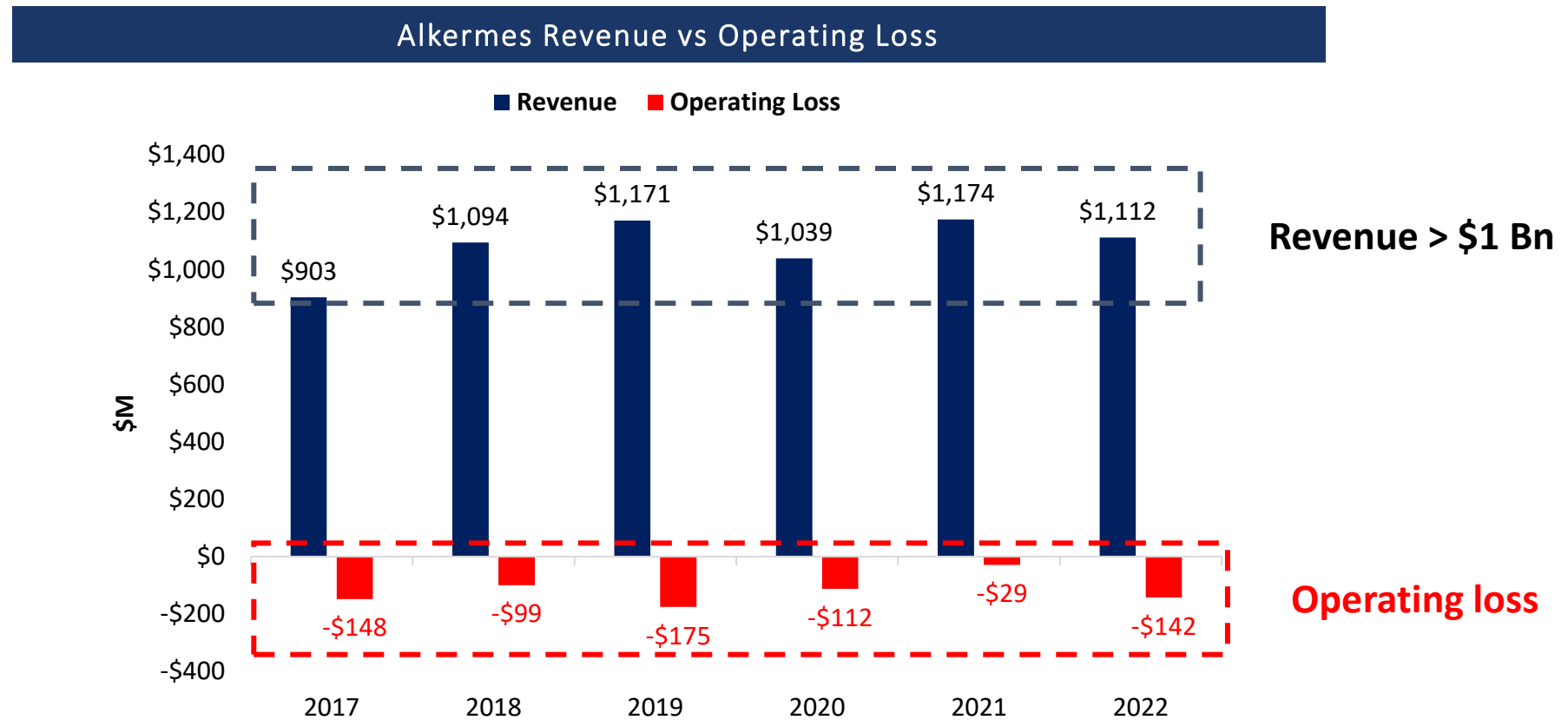
Alkermes has grown revenues by +77% since 2015



Wide divergence in revenue growth and stock price indicates a real problem

Source: Bloomberg (6/2/23) / Price performance shown from 1/2/2015 to 12/30/2022

# Despite multiple years with revenues >\$1Bn, the company continues to operate at a loss

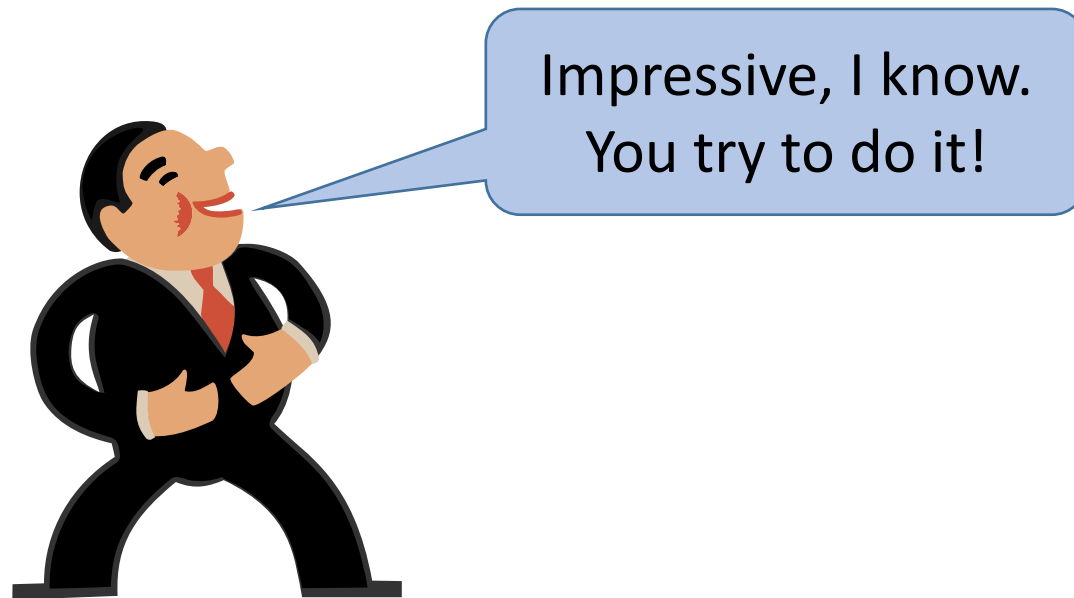


Source: Alkermes corporate filings



Generating >\$1 Bn in revenue for 5 years and still operating at a loss indicates a fundamental problem with the business model

How do you generate >\$ 1 Bn in revenue every year and still lose money???

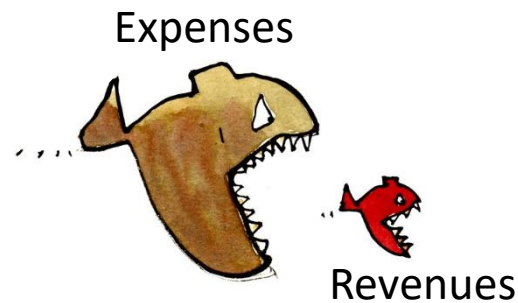
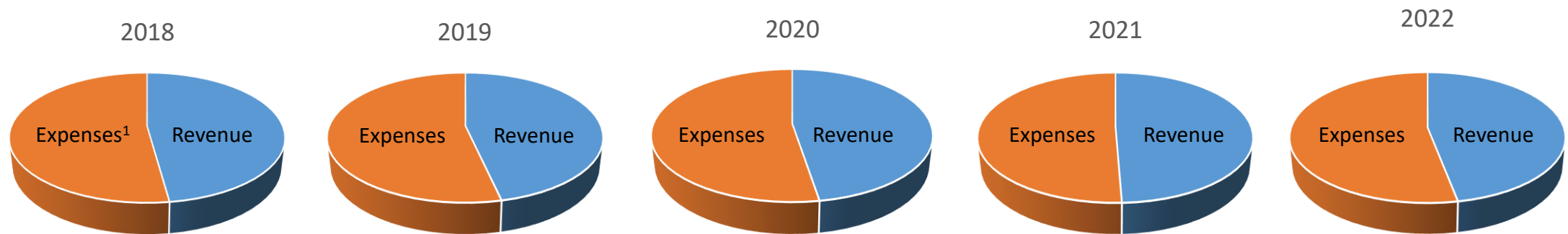


Alkermes burned through >\$5.5 Bn in revenue over the last 5 years, the equivalent of buying the Boston Red Sox and still having ~\$1 Bn left over...



**+ ~\$1 billion cash**

# Management touts successful revenue generation but costs are out of control



Expenses = COGS + R&D + SG&A + Other, including amort of acquired intangibles  
Source: Alkermes corporate filings

Alkermes' board needs shareholder representation to prevent further destruction of shareholder value



# Summary

- Alkermes has destroyed meaningful shareholder value
- Alkermes is a hodgepodge of businesses
- Pops is the wrong person to lead
- Adding Sarissa representatives to the board of directors will add needed perspectives and skills and unlock shareholder value

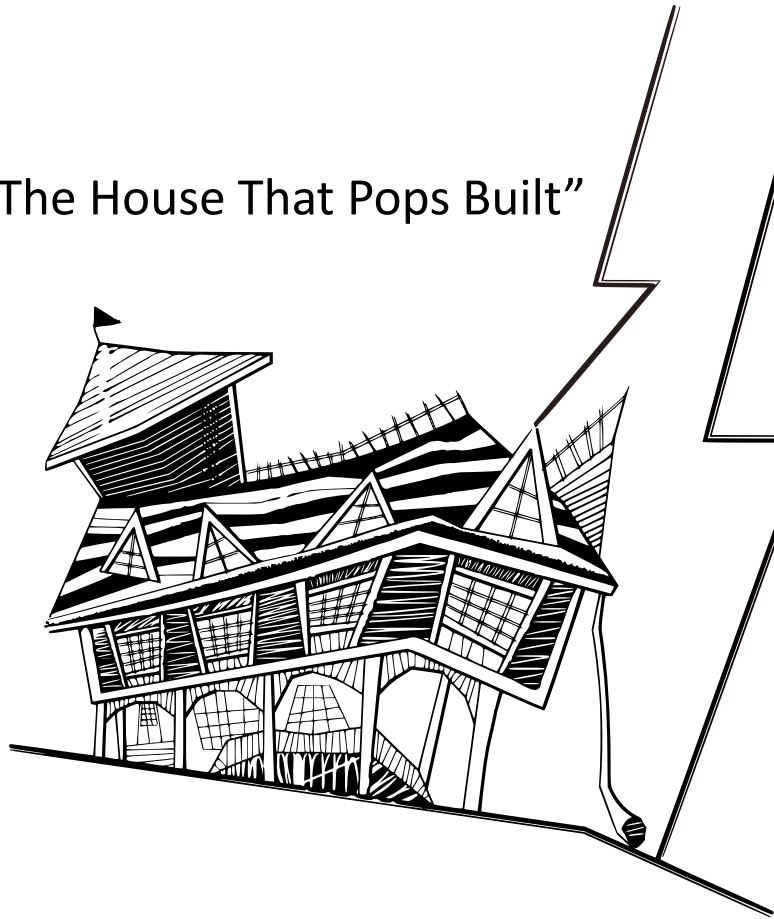
Generating >\$1 Bn in revenue for 5 years and still operating at a loss indicates a fundamental problem with the business model

How do you generate >\$ 1 Bn in revenue every year and still lose money???



# At its core, Alkermes is a patchwork of subscale businesses with bloated expenses

“The House That Pops Built”



## **Royalties**

Valuable royalty revenue for out-licensed technologies that should fall directly to the bottom line and reward shareholders (do not)

## **Commercial**

Large revenue potential but commercial model is subscale and fails to reach the economies of scale of larger pharma companies

## **Manufacturing**

Alkermes manufactures drugs for itself and commercial partners but we believe not at a profit, are undersized and have had mishaps and delays

## **Research and Development**

Inefficient R&D spend and a large proportion of revenues. Ex., its foray into cancer does not build on its expertise in neuropsychiatry

# [1] Alkermes receives royalties on its proprietary technologies

Description of Current Key Royalty Streams			
Drug	Indication(s)	2022 Net Product Sales	Expiration
Invega Products (JNJ <sup>1</sup> )	Schizophrenia & Schizoaffective Disorder	~\$4.1 Bn	Patent royalties 2030 US - Know-how royalties with Interim Awards*
Risperdal Consta (JNJ)	Schizophrenia & Bipolar I	~\$500 M	2023
Vumerity (Biogen)	Multiple Sclerosis	~\$550 M	2033

<sup>1</sup>Johnson and Johnson / Source: Corporate filings

\*ALKS received interim awards on 12/21/22 and 4/19/23 in its arbitration proceedings. Investors await further details

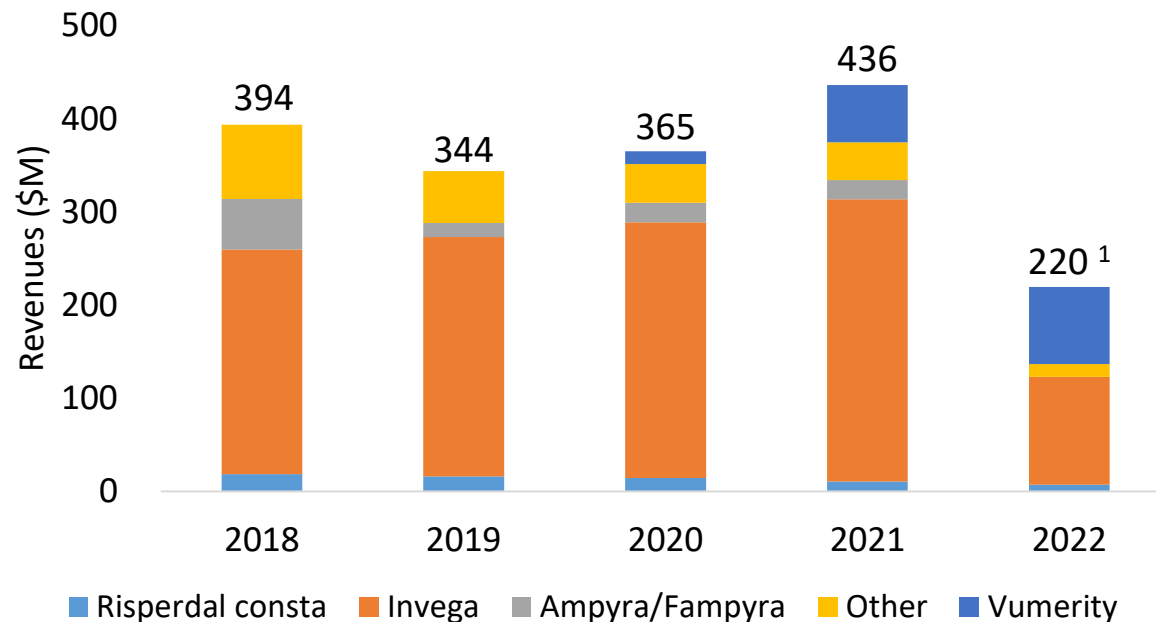




# Collecting these royalties is incredibly lucrative and straightforward, like collecting checks

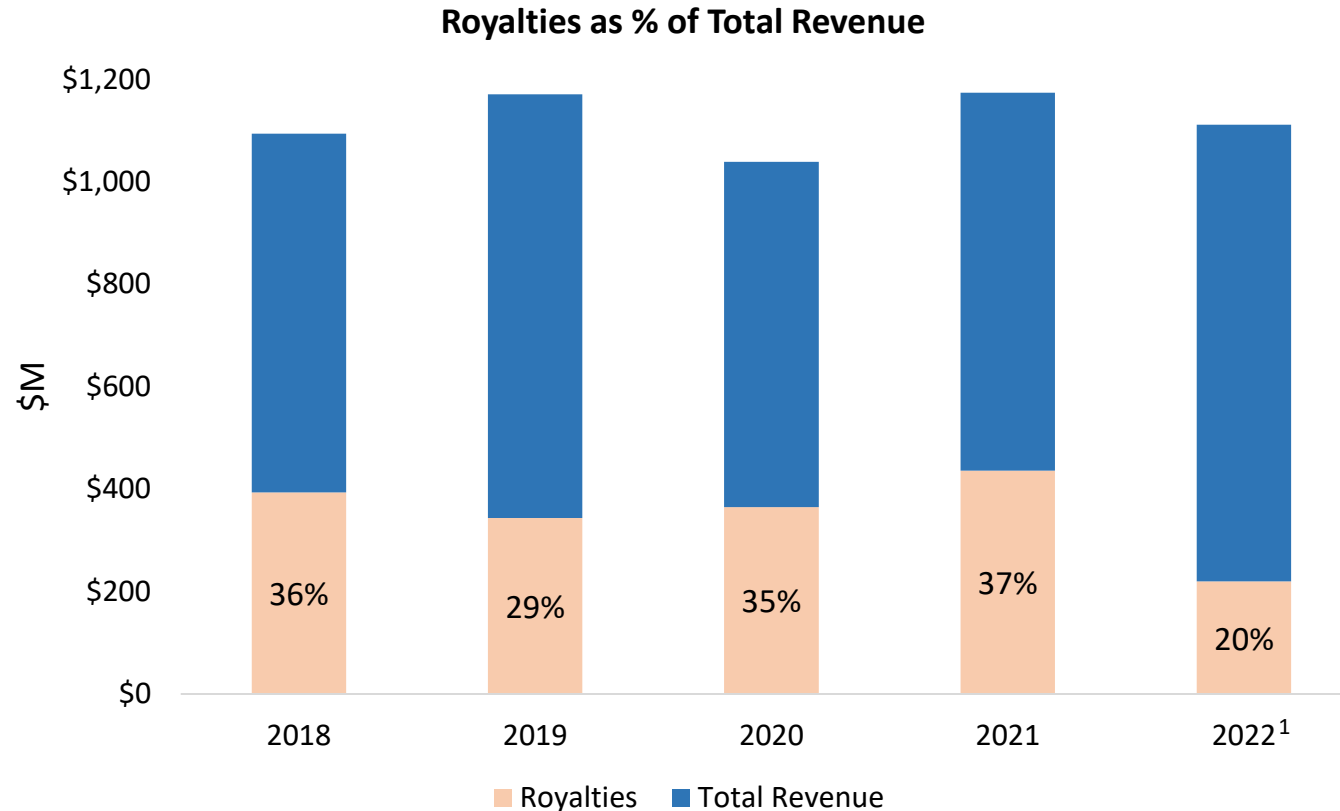
Expenses associated with royalties should be de minimis

Royalty Revenue Breakout



<sup>1</sup>Royalties in 2022 negatively impacted by dispute with JNJ  
Source: Alkermes corporate filings

What makes Alkermes' spending so remarkable → for roughly 1/3<sup>rd</sup> of its revenue (royalties), expenses are de minimis<sup>1</sup>



<sup>1</sup>Royalties in 2022 negatively impacted by dispute with JNJ  
Source: Alkermes corporate filings

## [2] Alkermes has 3 drugs that it commercializes

**Vivitrol**<sup>®</sup>  
 (naltrexone for extended-release  
 injectable suspension) 380 mg/vial

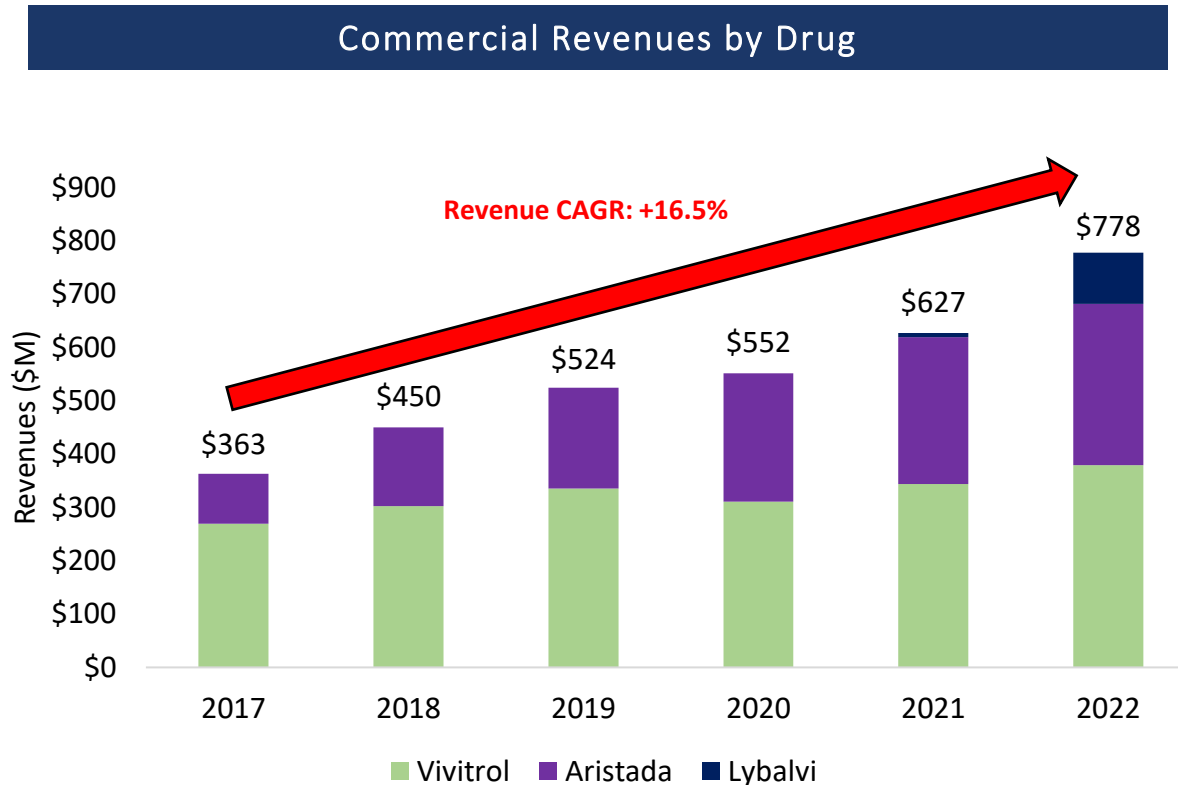
**ARISTADA**<sup>®</sup>  
 aripiprazole lauroxil  
 extended-release injectable suspension  
 441 mg 662 mg 882 mg 1064 mg

**LYBALVI**<sup>®</sup>  
 olanzapine and samidorphan  
 5 mg/10 mg - 10 mg/10 mg - 15 mg/10 mg  
 20 mg/10 mg tablets

Category	Vivitrol	Aristada	Lybalvi
Indication	Alcohol and Opioid Use Disorder	Schizophrenia	Adult schizophrenia and Bipolar I Disorder
Description	Opioid receptor antagonist	Long-acting injectable aripiprazole	Combination of Zyprexa (olanzapine) and samidorphan
Method of Administration	Intramuscular injectable Q4W	Intramuscular injectable Q4W or Q6W	Daily oral tablet
Year Launched	2006: alcohol dependence 2010: opioid dependence	2015	Fall 2021
2022 Revenues (\$M)	\$379M	\$302M	\$96M
2023 Revenue Guidance (\$M)	\$380M - \$410M	\$315M - \$345M	\$180 - \$205M

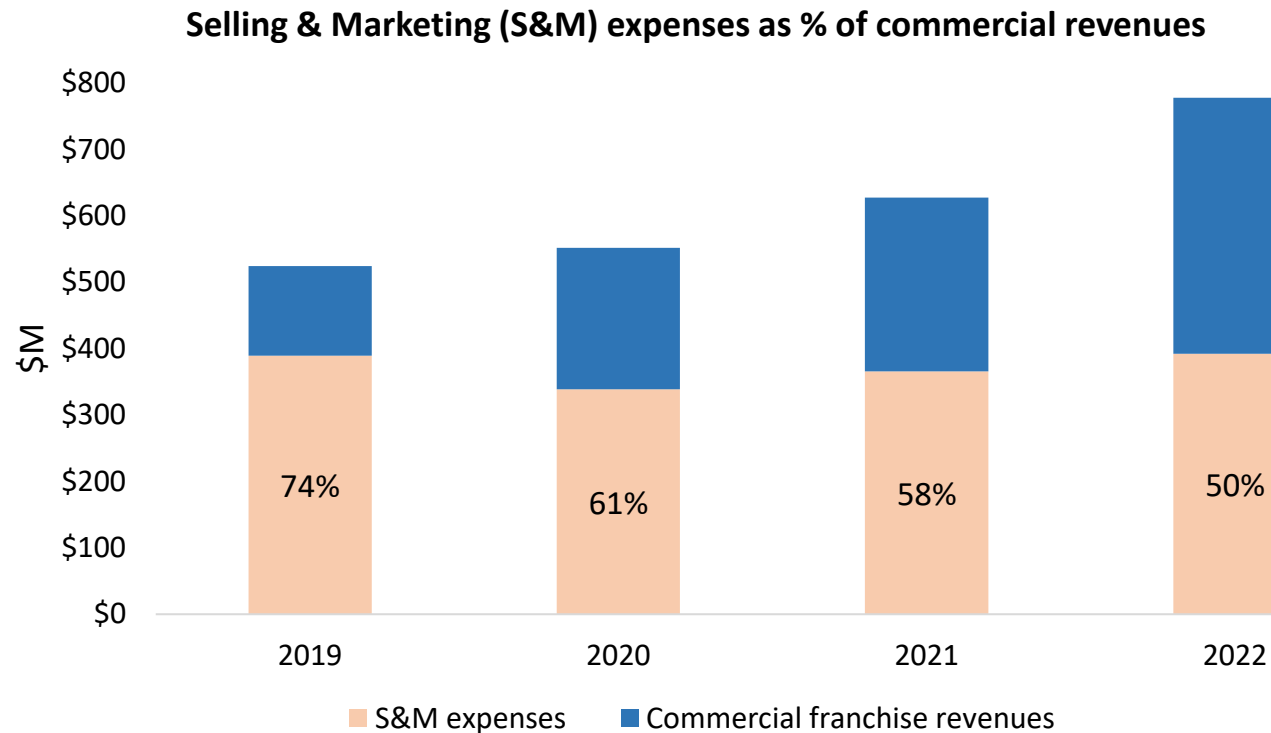
Source: Alkermes corporate filings

# Revenues from its commercial franchise have grown and are promising



Source: Alkermes corporate filings

# But commercial revenues have come at a tremendous cost (i.e., inefficient)

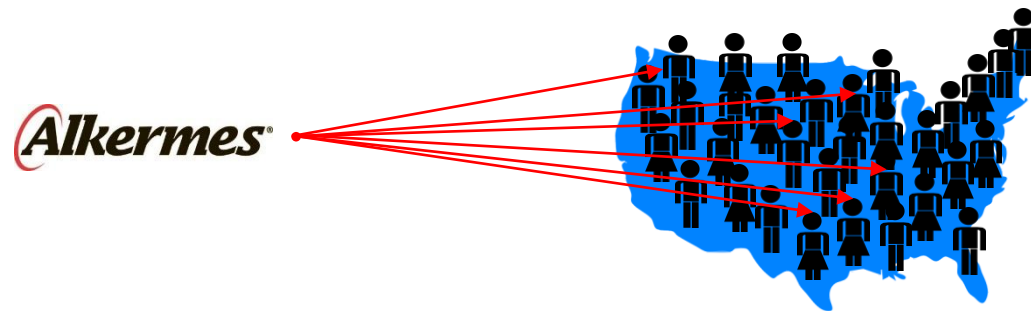


**Sales and marketing expenses have been grossly inefficient at >50% of commercial revenues (S&M as a % of total revenue would be misleading as historically ~1/3<sup>rd</sup> of total revenues are royalties that should drop to the bottom line)**

Source: Alkermes corporate filings

Aristada, Lybalvi, and Vivitrol target massive markets, far larger than what a midcap biotech can service efficiently

	ARISTADA <sup>®</sup> LYBALVI <sup>®</sup>	LYBALVI <sup>®</sup>	Vivitrol <sup>®</sup>	Vivitrol <sup>®</sup>
	Schizophrenia	Bipolar I Disorder	Opioid Dependence	Alcohol Dependence
US market (adults)	~2,600,000	~3,900,000 – 5,200,000	~2,600,000	~27,800,000

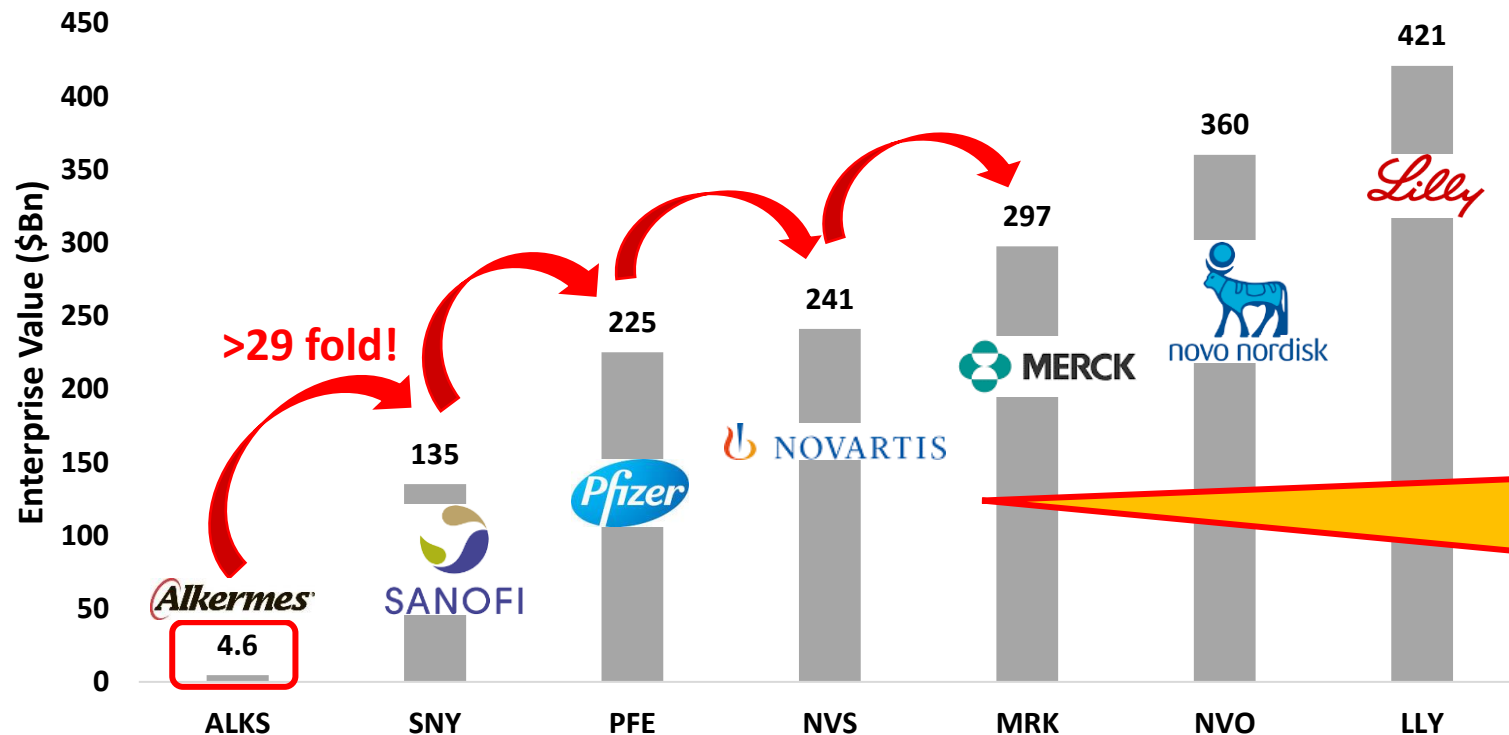


Alkermes' medicines are valuable and address large market opportunities, but Alkermes cannot efficiently capture value

Sources: Corporate presentation (3/2023) and 10-K (2/16/23)

Large pharmaceutical companies benefit from economies of scale and marketing muscle, leaving smaller companies like Alkermes at a disadvantage

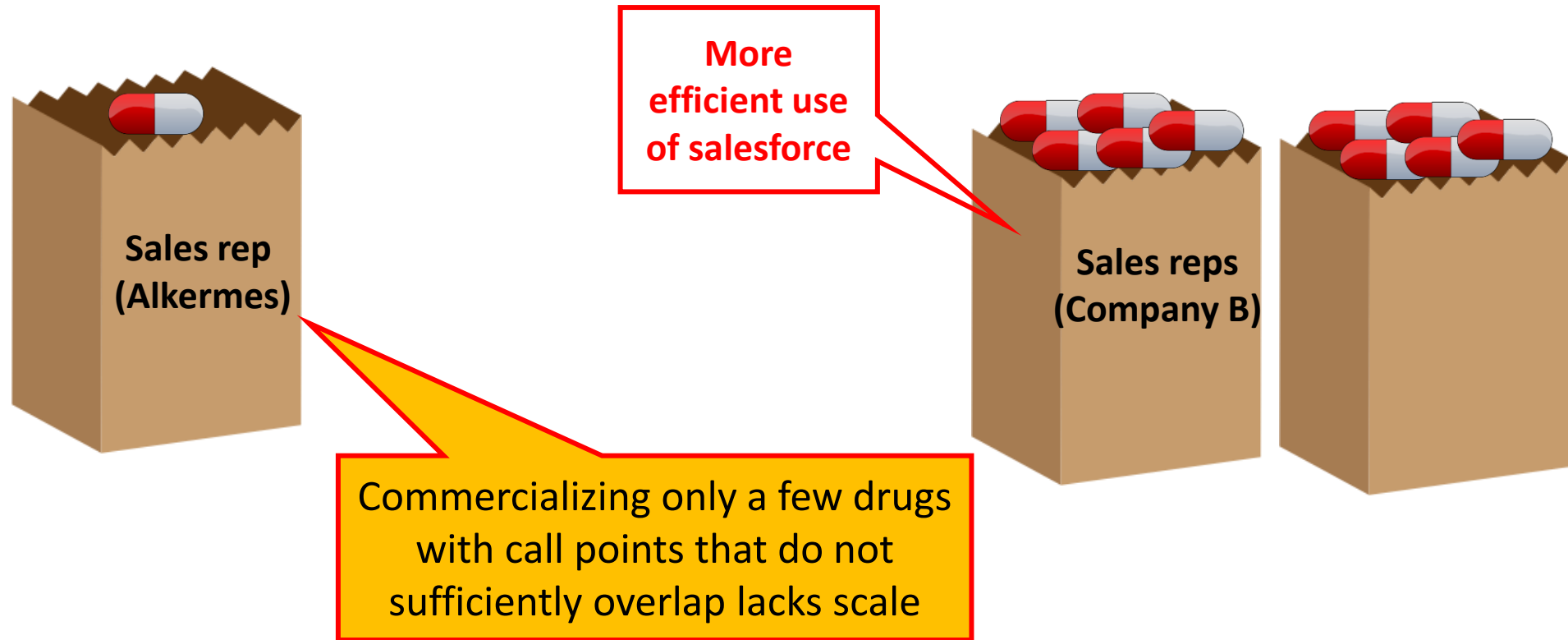
Enterprise values of companies with salesforces



Hence, large pharma has historically commercialized neuropsychiatric medicines

Source: Bloomberg (5/30/23)

Alkermes' self commercialization model lacks economies of scale, destroying tremendous shareholder value





# Pops and his team admit the obvious: it is expensive for Alkermes to commercialize its drugs

James Frates (CFO), February 2019, in response to why 2019 guided SG&A was ~60% above 2016 levels:

I think the key here is building out in a competitive space, both in schizophrenia and in addiction, building out a fully capable sales organization. And as we've grown, I think, to continue to show that long term gap in growth that Rich talked about that we're looking for in the top line, making sure that we have the right infrastructure in place, again to match the competitive nature in the antipsychotic market, but also to make sure that we have those field reimbursement managers and key account managers in VIVITROL, as Jim Robinson mentioned before. So yes, we absolutely have been investing in SG&A.

Richard Pops (CEO), March 2023:

I think what people are learning is, it is quite expensive and time-consuming to build a commercial presence in some of these serious mental illness, government pay type settings. We now have proven ourselves with three products and if LYBALVI continues to execute, I think, furthering, burnishing the image of that platform, then that platform can take additional products in time.

Although Pops acknowledges it is expensive to build a commercial infrastructure, he still aspires to build a large commercial platform

Shareholders shouldn't have to foot the bill to finance Pops' inefficient strategies and empire-building aspirations

# [3] Alkermes manufactures drugs for itself and third parties



Wilmington, Ohio, USA



Athlone, Ireland

Notable products manufactured at each facility:

ARISTADA<sup>®</sup> RisperdalCONSTA<sup>®</sup>  
LYBALVI<sup>®</sup> Vivitrol<sup>®</sup>

VUMERITY<sup>®</sup>

Tremendous shareholder capital has been spent developing manufacturing capabilities but unclear if Alkermes can excel at manufacturing

Source: Alkermes corporate materials

# Manufacturing is not a core competency for Alkermes as recent missteps have shown

## Lybalvi Complete Response Letter Due to Manufacturing

- Lybalvi received a complete response letter from FDA in 11/2020 due to manufacturing concerns
- When Lybalvi was finally approved in 6/2021, launch was delayed until 10/2021 due to commercial manufacturing not being ready

## Alkermes Receives FDA Complete Response Letter Related to ALKS 3831 Manufacturing Records Review

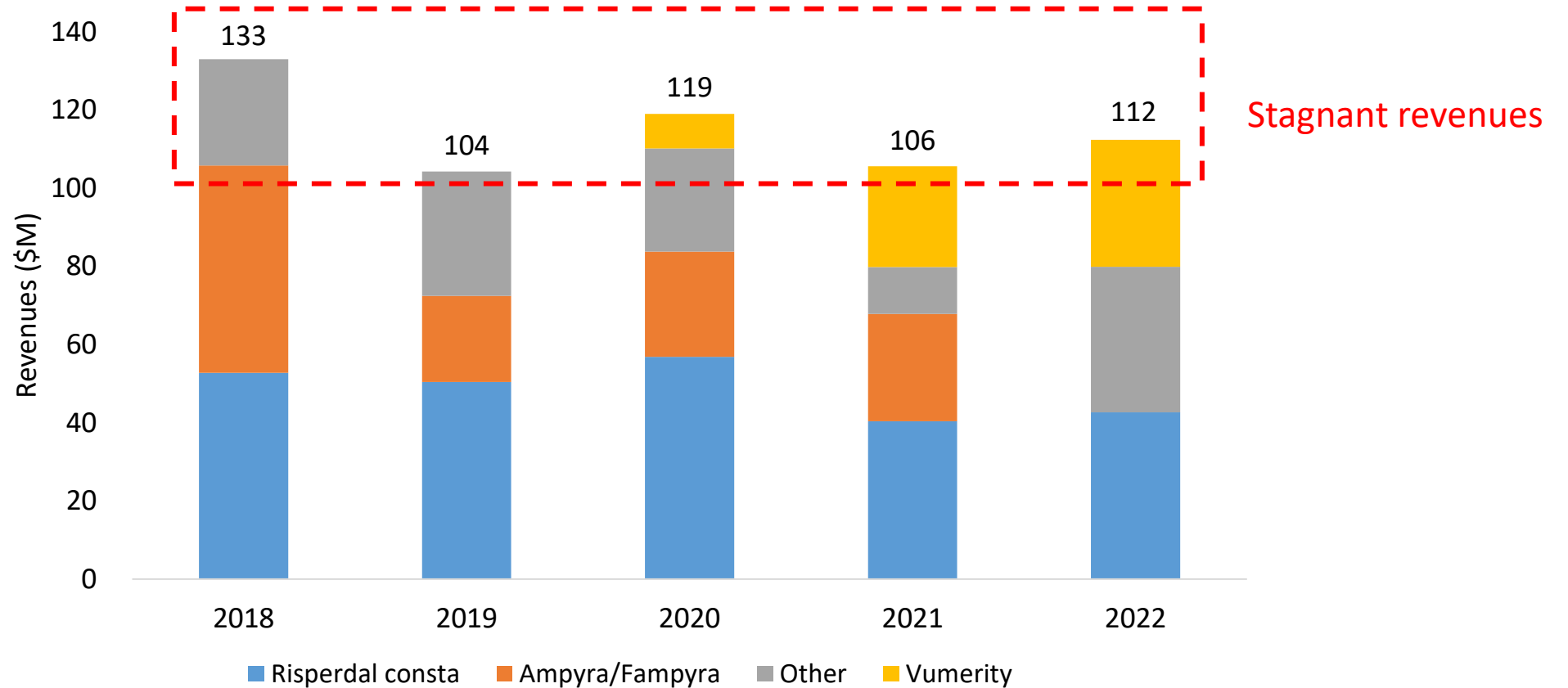
-- No Clinical Efficacy or Safety Issues Raised and No Further Studies Required by FDA to Support Approval --

-- Company Plans to Engage With FDA Toward Expedient Resolution of Outstanding Items --

## Vumerity Manufacturing Issues

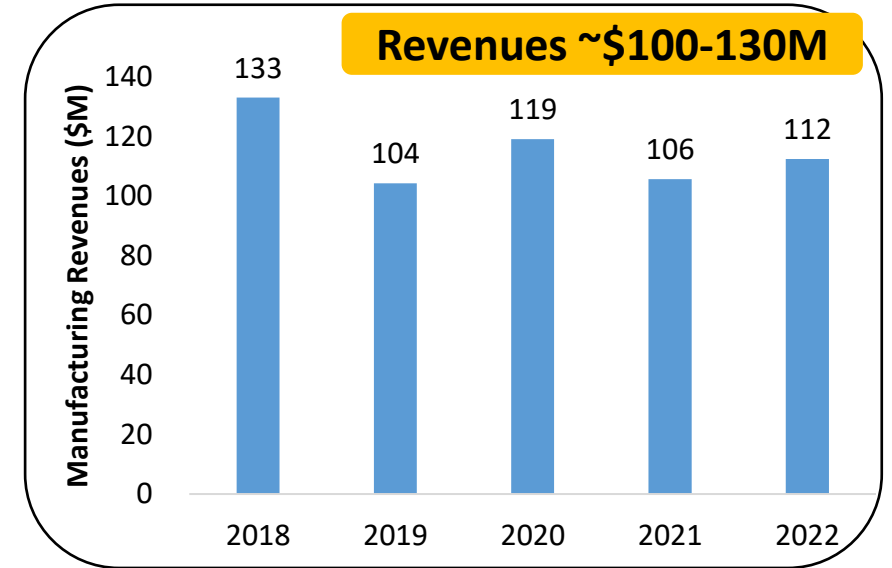
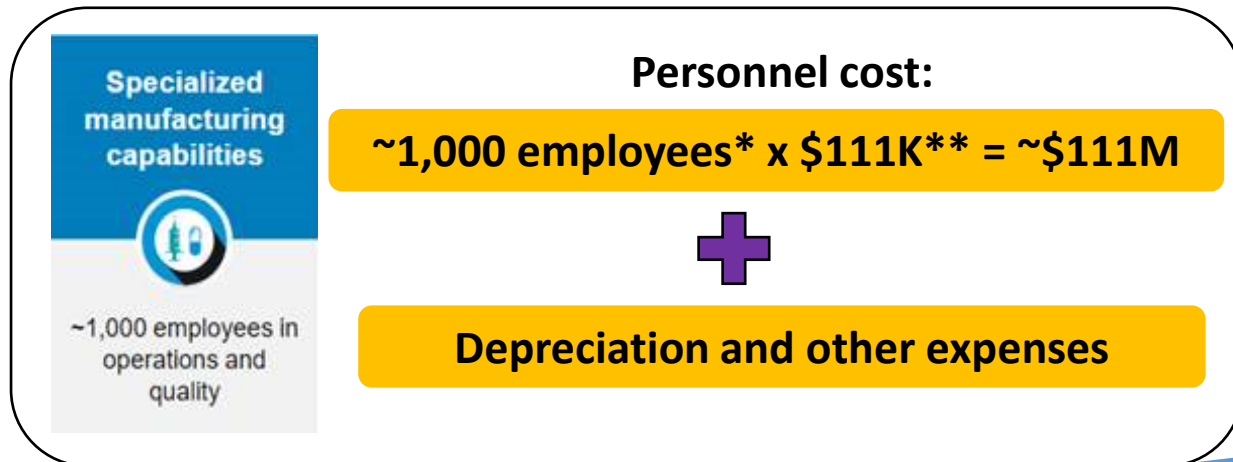
- 10-Q (3Q22): "The decrease in manufacturing revenue in the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, was primarily due to the manufacture of fewer commercial batches. We continue to work to address a manufacturing issue related to VUMERITY, which, if it persists, will continue to negatively impact our manufacturing revenue and may negatively impact our royalty revenues."

# Manufacturing revenues have been small and not growing



Source: Alkermes corporate filings

# Alkermes' manufacturing business lacks scale and is likely not profitable



**Costs > Revenue**

\*Manufacturing expense estimate based on Sarissa assumptions of the following:

~1,000 employees as specified by the 2019 Alkermes corporate presentation.

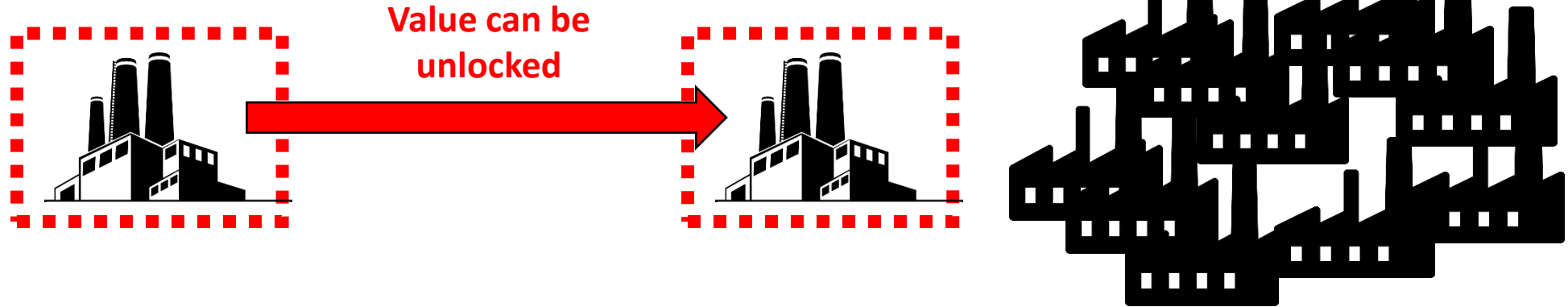
\*\*Employee cost of ~\$111k/employee based on Data USA public database:

<https://datausa.io/profile/naics/pharmaceutical-medicine-manufacturing>

# Alkermes' manufacturing business can be optimized in the hands of the right company

**Alkermes**

Company with established scale and expertise in manufacturing



A company with scale and expertise in manufacturing can make better use of shareholder capital and minimize regulatory disruptions and commercial delays

# [4] R&D pipeline reflects a company with expertise in neuropsychiatry spending heavily far afield in cancer with uncertain promise

Discovery    Preclinical    Phase 1    Phase 2    Phase 3

## Neuroscience

Olanzapine and samidorphan - *Schizophrenia or Bipolar I Disorder (pediatric)*



ALKS 2680 - *Narcolepsy*



HDAC Inhibitors - *Neurology/Neuropsychiatry*



## Oncology

Nemvaleukin alfa\* - *Platinum-Resistant Ovarian Cancer*



Nemvaleukin alfa - *Mucosal Melanoma*



IL-12



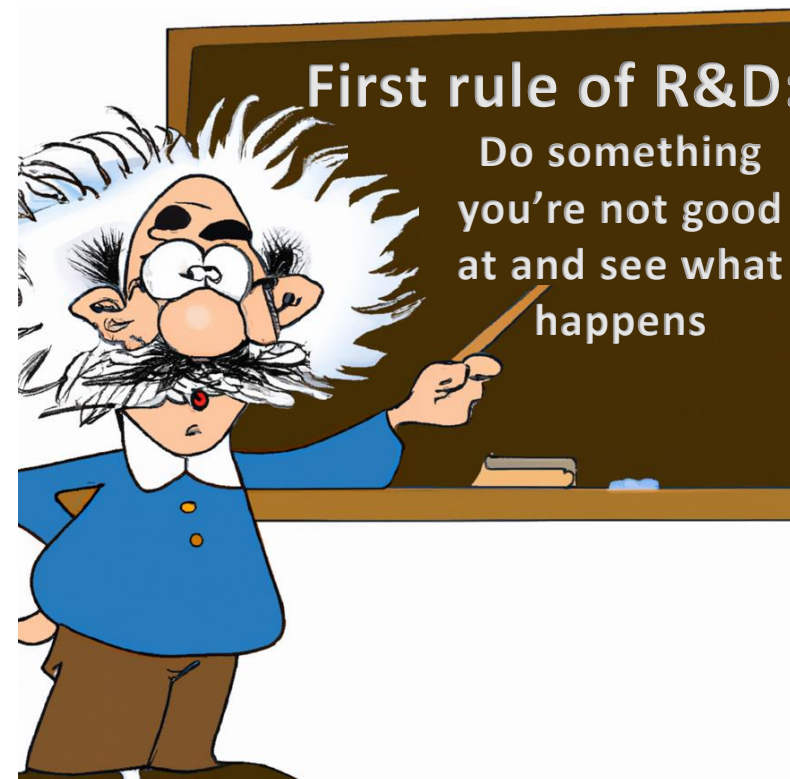
IL-18



\*In combination with pembrolizumab

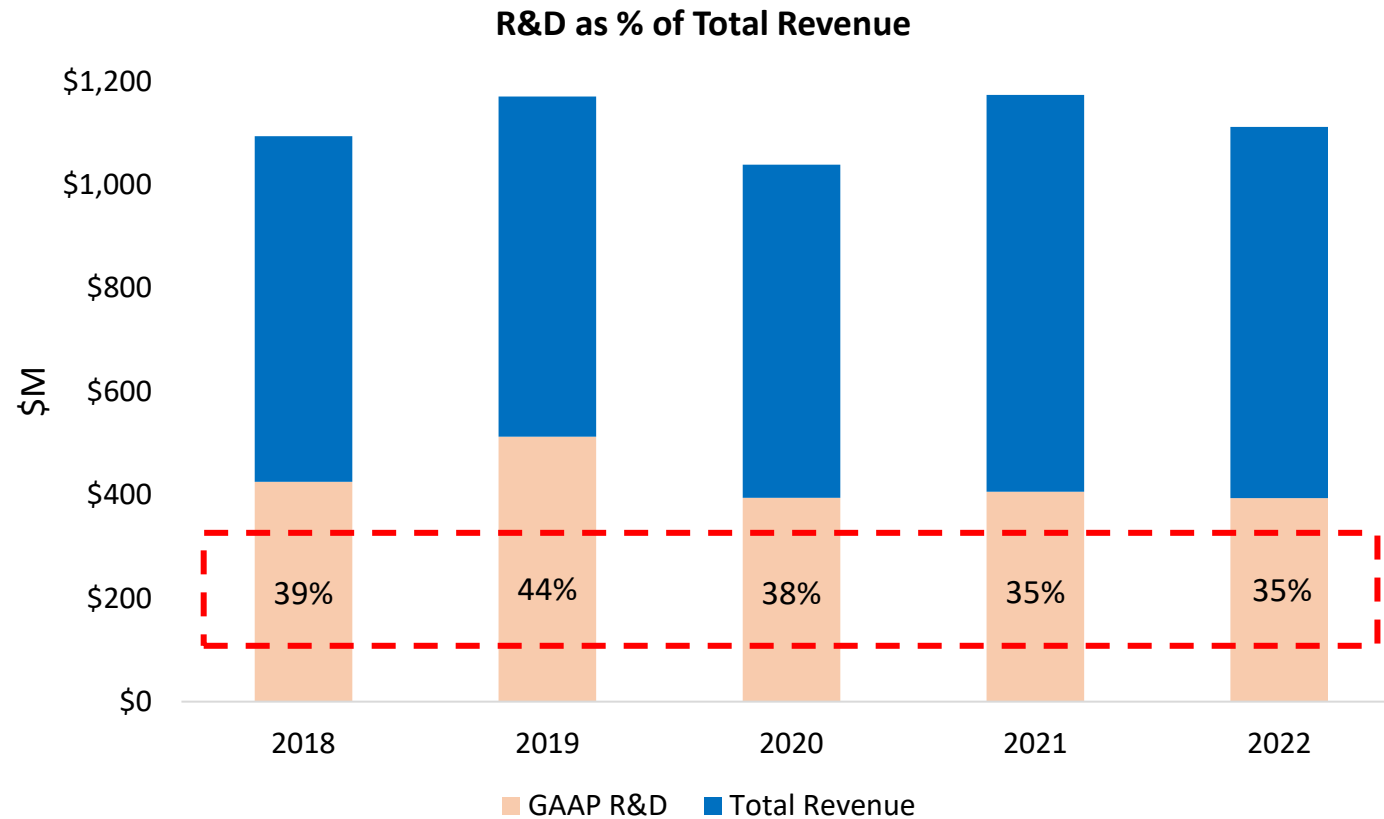
Last updated: February 2023

Source: Company Website (June 2023)



SARISSA CAPITAL  
MANAGEMENT LP

# And it costs a lot: R&D spend at ~35-45% of revenue has been excessive

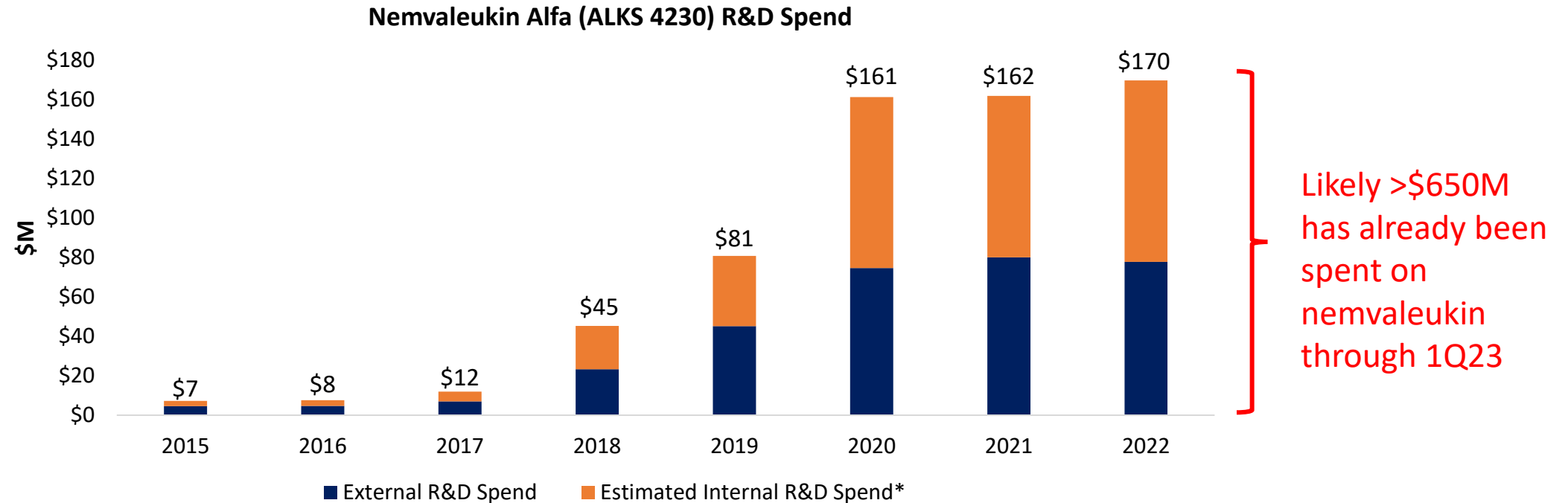


>\$2 Bn spent on R&D in the last 5 years!

Source: Alkermes corporate filings



# Lead oncology asset nemvaleukin has been expensive (external + est. internal R&D)



While tremendous shareholder capital has been invested in oncology, the payout remains unclear

Sources: Alkermes corporate filings

\*Internal R&D spend for nemvaleukin was estimated by multiplying total internal R&D spend by nemvaleukin's fraction of total external R&D spend

External R&D includes CROs, consulting fees, lab services, product materials, and manufacturing activities

Internal R&D includes employee-related expenses occupancy, depreciation, and overhead

# After years, Alkermes admits the mismatch of costly cancer R&D within its core neuroscience business

Alkermes press release June 2023

## Separation of Oncology Business

Alkermes has continued to make meaningful progress on the previously announced planned separation of the company's oncology business. The separation would allow Alkermes to maintain its focus on researching, developing and commercializing therapies for people living with complex neurological conditions and is expected to accelerate and enhance the profitability of the remaining neuroscience business. Following the planned separation, Mural Oncology

Even Alkermes now (belatedly) admits that the oncology business distracts the company from its neuroscience business and achieving profitability

# Even within neuroscience, Alkermes has destroyed shareholder capital on wishful R&D programs



## Alkermes Receives Complete Response Letter From U.S. Food and Drug Administration for ALKS 5461 New Drug Application

DUBLIN, Feb. 1, 2019 /PRNewswire/ -- Alkermes plc (Nasdaq: ALKS) today announced that it received a Complete Response Letter (CRL) from the U.S. Food and Drug Administration (FDA) regarding its New Drug Application (NDA) for ALKS 5461 for the adjunctive treatment of major depressive disorder (MDD).

The CRL states that the FDA is unable to approve the ALKS 5461 NDA in its present form and is requesting additional clinical data to provide substantial evidence of effectiveness of ALKS 5461 for the adjunctive treatment of MDD. Alkermes plans to meet with the FDA to discuss the contents of the CRL and potential next steps for ALKS 5461. This interaction with the Agency will inform whether there is a viable path forward for the ALKS 5461 program.

The NDA submission for ALKS 5461 was based on results from a clinical efficacy and safety package with data from more than 30 clinical trials and more than 1,500 patients with MDD. Throughout the clinical development program, ALKS 5461 demonstrated a consistent profile of antidepressant activity, safety and tolerability in the adjunctive treatment of MDD.

**Alkermes threw away millions running five Phase 3 trials on a drug to treat depression that was ultimately rejected by the FDA**

# Of the programs highlighted in the 2021 R&D Day, only orexin has a clearly articulated future

## Disciplined Capital Allocation Supports Highest-ROI Priorities



### Develop next generation of pipeline candidates

#### Neuroscience

##### ALKS 1140

- Complete phase 1 enabling activities
- Initiate phase 1 first-in-human study
- Initiate phase 0 biomarker study

##### Orexin

- Nominate orexin candidate to the clinic

#### Oncology

##### IL-12

- Lead candidate generation

##### IL-18

- Advance lead candidate identification

Getting spun out

We agree ALKS 2680 is promising (high risk/high reward), but since its R&D Day in 2021, Alkermes burned hundreds of millions of dollars to achieve this

Discontinued

# Unclear if anything of value will emerge from the acquisition of Rodin Therapeutics in 2019

News November 19, 2019

## Alkermes to acquire Rodin Therapeutics in \$950m deal

Irish biopharmaceutical company Alkermes has agreed to buy US-based neuroscience-focused firm Rodin Therapeutics under a deal worth up to \$950m.

~3 years later



Lead asset from Rodin acquisition called '1140 ultimately failed in its first clinical trial

Richard Pops provides updates on acquired assets from Rodin acquisition (November 2022):

“On the HDAC, we stopped the development of 1140, which was the first one we put in the clinic because of the metabolic profile. We have backups. We've gone to the backups now. We're seeing some encouraging things in the backups, but it's too early to say whether we're going to have another candidate that emerges because the threshold for nomination is quite high. We understand that both the chemistry and the biology that we want to achieve. And if we hit it, then we'll put another one into the clinic, but too early to call that right now.”

And that, folks, is how you generate >\$ 1 Bn in revenue every year and still lose money



Let's see how much I can spend this year!

Generating >\$1 Bn in revenue for 5 years and still operating at a loss indicates a fundamental problem with the business model

# Summary

- Alkermes has destroyed meaningful shareholder value
- Alkermes is a hodgepodge of businesses
- Pops is the wrong person to lead
- Adding Sarissa representatives to the board of directors will add needed perspectives and skills and unlock shareholder value

# Despite poor performance since 1991, one thing has been a constant: CEO Pops at the helm of Alkermes

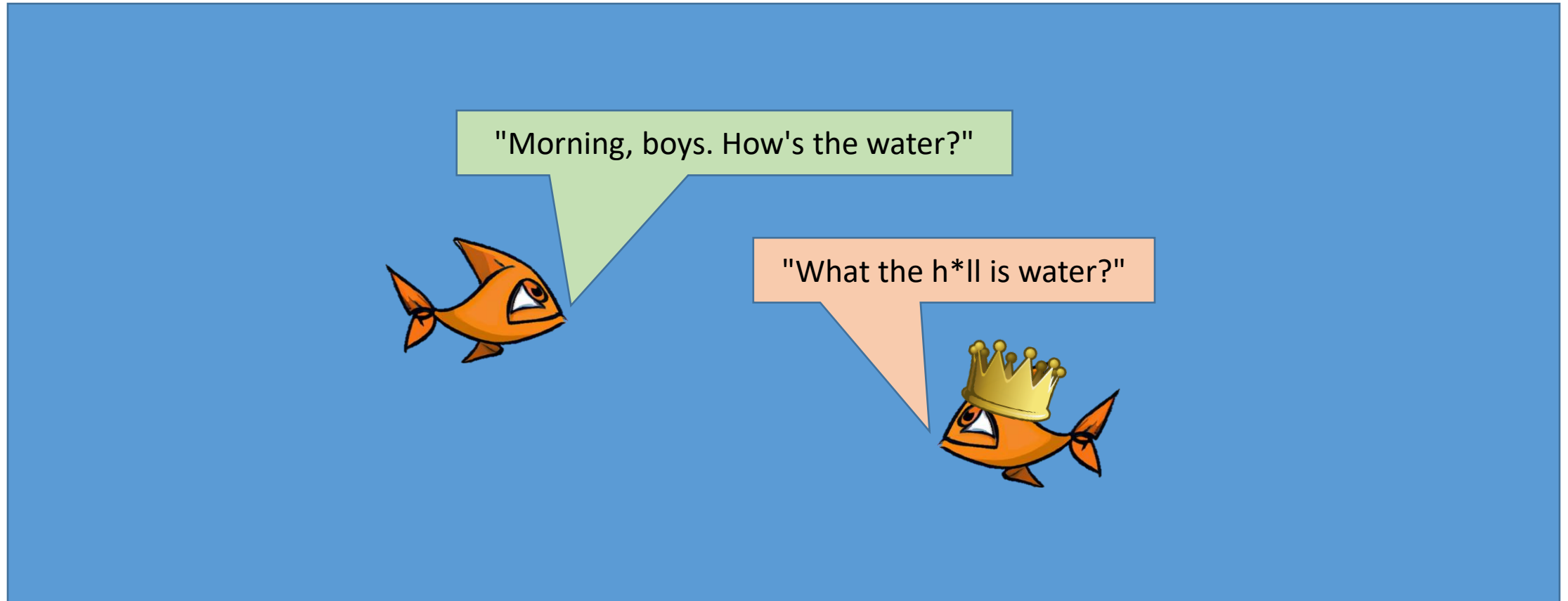


“The definition of insanity is doing the same thing over and over and expecting different results”  
- misattributed to Albert Einstein

Source: Bloomberg (6/2/23)

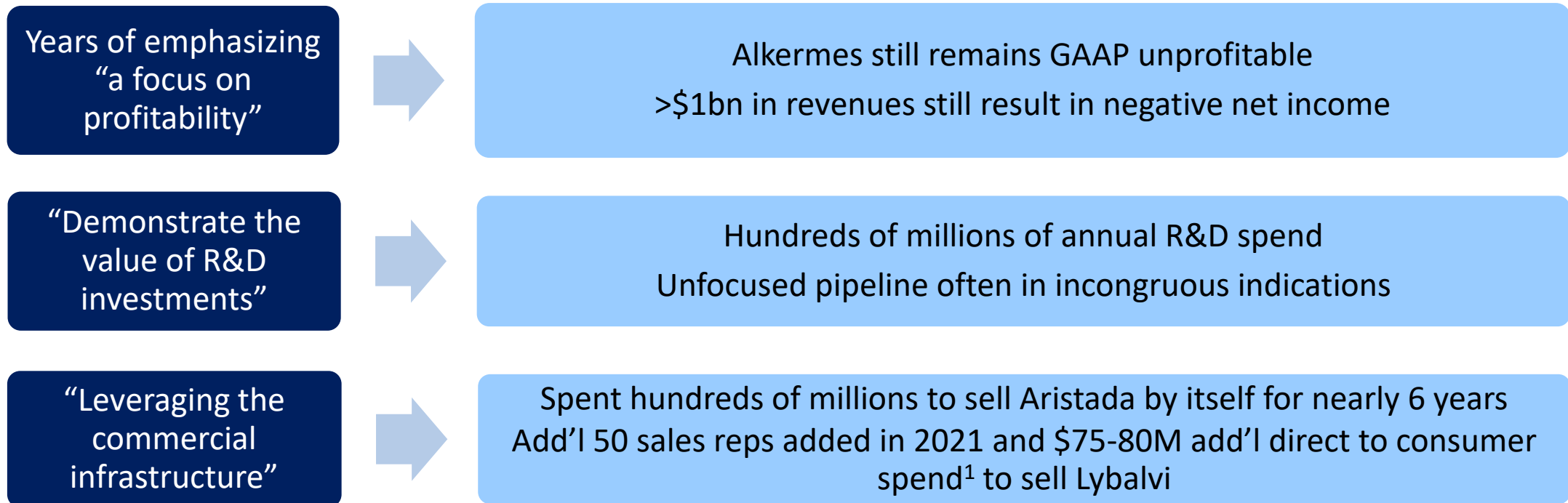


We cannot trust Pops to get us out of this mess when he spent decades creating the mess



Source: Transcription of 2005 Kenyon Commencement Address (May 2005) given by David Foster Wallace

# A masterful salesman, CEO Pops teases investors with false promises but never quite delivers



Source: Alkermes earnings calls (4Q20, 1Q21 and 4Q22)

<sup>1</sup>In 2023

# Pops appears to offer alternative narratives

Lybalvi receives a complete response letter from FDA due to manufacturing concerns (November 2020)

Lybalvi finally approved in 6/2021

Richard Pops on 1Q21 earnings call (June 2021)

Vamil, It's Rich. I'll take the first, and then I'll ask Blair and Todd, if they want to chime in on the second. The first is we're launching in Q4, primarily because we're going to complete the commercial manufacturing for the various dosage strengths. We've been focusing for the last few months on that first cycle review, getting that successfully completed and getting the approval we can.

June 2021 – Pops attributes delay in Lybalvi launch to manufacturing issues

J.P. Morgan Conference (November 2021)

Okay. And then, I think every company that's launching a drug in this environment probably is asked this question, but how much of an impact do you expect COVID-related headwinds to be? At least in the first few months of the launch, with issues like closed offices potentially this winter, supply chain difficulties, challenges with tele-psychiatry. All of those different issues.

Richard Pops:

Well, I guess as I think about it, we made the decision not to launch until the fall for a lot of those reasons. I feel like we lost nothing not launching this drug in June, versus launching it now. Particularly as Delta rolled through the country over the summertime. There's no question that COVID is still a feature, and particularly in psychiatry where a lot of the telemedicine has taken place and has taken root, and probably will stay. Interestingly, one of the most fascinating dynamics for me that I've seen coming out of COVID is the prominence of the nurse practitioner and the physician's assistant in the prescribing decision. So a lot of our calls and our marketing are toward these really essential elements of the healthcare system who aren't the MDs but have a huge impact on prescribing.



November 2021 (six months later) – Pops attributes delay in launch to Covid

# Pops known to overpromise and underdeliver – here on timing of oncology updates

## Alkermes 3Q2022 Earnings (November 2022)

Question: “...I feel like this will be so important to the valuation of spin, when should we be expecting a DSMB look into ARTISTRY-6 and 7 in 2023? ...I got to believe investors that will be getting equity will be very curious about what's there to learn from the monotherapy and the combo trials?”

Richard Pops: “...By the time we spin, we'll have very precise understandings about readouts, interim looks, if any, and other data that will augment the value proposition for the spin.”

November 2022 – Pops promises data prior to oncology spin

## Alkermes 1Q2023 Earnings (April 2023)

Question: “...Richard, can you remind us, what's the key clinical readout? ...And to what extent would those readouts determine whether or not you are absolutely moving forward with the spin?”

Richard Pops: “...So the punch line to your question on the clinical trial is that we're going to spin while both ARTISTRY-6 and ARTISTRY-7 are still underway and blinded...”

April 2023 (only months later) – Pops states no clinical trial data prior to spin



# Pops has overpromised and underdelivered on a partnership for its oncology asset nemvaleukin for years

## 1Q2018 Earnings Call

“...there's a number of companies who would be interested in working with 4230 in combination with their particular IO agent...So, we're having those discussions and an early partnership could be something where not a strategic business partnership but simply accessing somebody's IO agent and running a study together. And we have those discussions underway now”

## 4Q2019 Earnings Call

“Well, I think a lot will depend on the exact partnership. I mean, as Rich outlined, there's both commercial as well as scientific logic to partnering 4230. And I think if we --the broadest sense, the way I think about it, if we have a partner, we can probably attack a lot more potential indications and spend a lot of money together with a partner.”

## 1Q2021 Earnings Call

“Our priorities are clear...advance nemvaleukin development program and seek partnership opportunities

Pops has teased investors with a potential partnership of nemvaleukin for over 3 years...

\*Source: Alkermes Earnings Call Transcripts

# Pops has lost credibility in the eyes of shareholders

- Alkermes' largest blue-chip investor voted against them in 2021 and subsequently sold their entire stake
- Many institutional shareholders have voiced displeasure with Pops to Sarissa

**Press for change**



## Detailed Discussion and Analysis

### Executive Compensation Philosophy and Objectives

Our executive compensation program is focused on attracting and retaining experienced and well-qualified executive officers who will help advance our critical business objectives, and rewarding them for performance that contributes meaningfully to the creation of shareholder value. We structure our executive compensation based on scope of job responsibility, external peer comparisons, individual performance and our overall Company performance.

The Compensation Committee establishes our executive compensation program each year with the following objectives:

<b>ALIGNMENT OF PAY AND PERFORMANCE</b>	Structure a significant proportion of an individual's compensation as performance-based
<b>ALIGNMENT WITH SHAREHOLDER INTERESTS</b>	Provide an overall compensation package that rewards individual and Company performance against our corporate objectives in a means to promote the creation and retention of value for the Company and its shareholders
<b>BALANCE OF SHORT- AND LONG-TERM INCENTIVES</b>	Align with the short- and long-term focus required for success in the biopharmaceutical industry
<b>MARKET COMPETITIVENESS AND RETENTION</b>	Attract and retain a highly-skilled workforce by providing competitive compensation to help us compete with us for talent

### Executive Compensation Program Highlights

Our executive compensation program is designed to attract and retain executive officers who will help advance our critical business objectives and reward them for performance that contributes meaningfully to the creation of long-term shareholder value. The program is structured to align with our corporate objectives and to promote the creation and retention of value for the Company and its shareholders.

The Compensation Committee has established the following executive compensation objectives. These policies and practices include:

Executive Compensation Program	
<input checked="" type="checkbox"/> No excessive perquisites	<input checked="" type="checkbox"/> Share ownership and holding guidelines for executive officers and directors
<input checked="" type="checkbox"/> Performance-based equity awards for all executive officers	<input checked="" type="checkbox"/> Prohibition of hedging and pledging by executive officers and directors
<input checked="" type="checkbox"/> Significant portion of CEO and other executive compensation is "at-risk"	<input checked="" type="checkbox"/> Clawback policy in respect of equity compensation and certain cash compensation
<input checked="" type="checkbox"/> Incorporation of ESG considerations into STIP	<input checked="" type="checkbox"/> No guaranteed bonuses or base salary increases
<input checked="" type="checkbox"/> Incorporation of profitability and relative TSR metrics into LTIP	<input checked="" type="checkbox"/> No tax gross-ups on severance or change in control benefits for individuals hired after 2009
<input checked="" type="checkbox"/> Annual review of peer group companies	<input checked="" type="checkbox"/> No repricing of underwater stock options without prior shareholder approval

How much should shareholders have paid for poor performance over the last 30 years?

\*Preliminary Proxy 2023



# For poor performance, Pops pads his pockets with excessive compensation

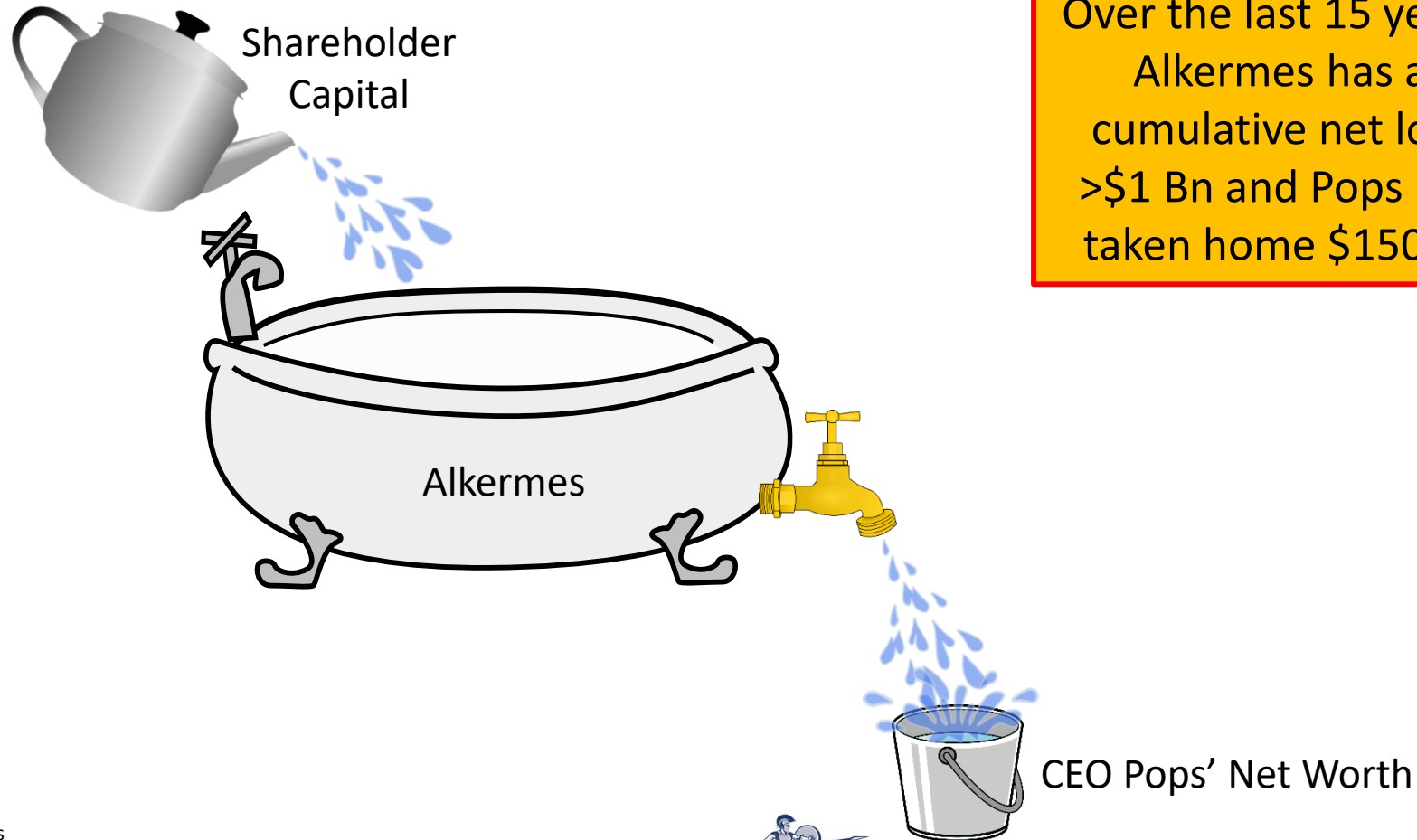
Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)(2)	Option Awards (\$) (f)(3)	Non-Equity Incentive Plan Compensation (\$) (g)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (h)	All Other Compensation (\$) (i)(5)	Total (\$) (j)
Richard F. Pops Chairman and Chief Executive Officer	2022	1,144,631	—	4,157,121	3,852,539	1,144,631	—	15,250	10,314,172
	2021	1,105,923	—	3,101,695	3,463,250	1,161,220	—	14,500	8,846,588
	2020	1,073,712	—	2,551,714	3,489,121	912,655	—	14,500	8,041,702
	2019	1,037,400	—	4,221,072	8,384,675	980,000	—	14,000	14,637,147
	2018	1,002,316	—	4,876,350	10,010,722	1,152,664	—	13,750	17,055,802
	2017	964,204	—	1,909,950	5,379,155	1,113,684	—	13,500	9,380,493

While the company is operating net income negative, Pops personally is REALLY net income positive





In fact, over the past 15 years, he has personally made >\$150M\*



Over the last 15 years, Alkermes has a cumulative net loss >\$1 Bn and Pops has taken home \$150 M

Source: Alkermes Proxy Statements

\* Calculated by adding Richard Pops' compensation from 2007-2022, inflation adjusted

Most interested in keeping his job, we understand Pops recently undertook a questionable roadshow to lobby against Sarissa representation on the board

- We find this conduct highly unusual and concerning, particularly given that it occurred during the company's quiet period and prior to the filing of any proxy materials with the SEC
- We believe that Mr. Pops should be focused on running the company instead of lobbying against shareholder representation on the board
- We view these actions as another example of the board's insufficient oversight of Mr. Pops

We can only speculate that CEO Pops cares more about his compensation and image than Alkermes' stock price



Source: Bloomberg (6/2/23)

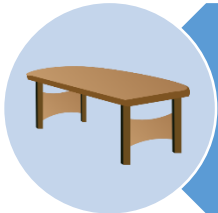
# Summary

- Alkermes has destroyed meaningful shareholder value
- Alkermes is a hodgepodge of businesses
- Pops is the wrong person to lead
- Adding Sarissa representatives to the board of directors will add needed perspectives and skills and unlock shareholder value

# Alkermes' poor corporate governance impedes value creation



CEO and Chairman Richard Pops has entrenched himself and ignores the proper governance checks and balances between the board and management



Lack of shareholders, the owners of Alkermes, on the board



Insufficient, half-hearted governance by Alkermes

The board waited 30 years to appease shareholders' desire for profitability with a plan that is grossly inadequate and disregards the fundamental issues at Alkermes

## Alkermes Announces Strategic Value Enhancement Plan and Continued Board Refreshment

 PDF Version

- Commits to Non-GAAP Net Income Margin Targets of ~25% for FY 2023 and ~30% for FY 2024 Reflecting Rigorous Expense Management, Expected Revenue Growth and Commitment to Shareholder Value Creation -
- Announces Potential Monetization of Non-Core Assets and Reiterates Commitment to Exploring Strategic Collaborations Around ALKS 4230 -

DUBLIN, Dec. 10, 2020 /PRNewswire/

Only after heavy shareholder pressure, including from Sarissa, did Pops commit to “adjusted” profitability metrics in 2020 that will take 3-4 years to implement

Furthermore, the profitability commitments are on non-GAAP and vague metrics, giving the board plenty of “adjusting” room to obfuscate poor performance

## Alkermes Press Release December 2020

### Profitability Targets & Cost Structure Optimization Efforts

As part of the Value Enhancement Plan, the company today announced its commitment to achieving:

- FY 2023 non-GAAP net income equal to 25% of the company's total revenues and EBITDA margin<sup>1</sup> of 20% of total revenues
- FY 2024 non-GAAP net income equal to 30% of the company's total revenues and EBITDA margin of 25% of total revenues

Alkermes' non-GAAP net income and EBITDA exclude stock-based compensation but shareholders pay for this expense (\$94M in 2022)!

Ironically, although manufacturing is unlikely profitable, the depreciation of the expensive manufacturing plants is now helping the company reach its adjusted profitability targets

<sup>1</sup>Calculated as earnings before interest, taxation, depreciation, amortization and one-time items, includes share-based compensation expenses

# Adjusted EBITDA vs EBITDA vs net income → explained



Of course, Alkermes' net income is negative



Under pressure from shareholders, in 2020 Alkermes announced declassifying of the board but in a delayed and shareholder unfriendly way

Alkermes Press Release May 2023

*Declassified the Board.* In July 2020, the Company announced its plans to declassify the Board and, at the Company's 2021 annual meeting, the Company's shareholders approved the declassification of the Board over a three-year period. This process will be completed next year.

Announced in 2020, declassifying not to be completed in 2024

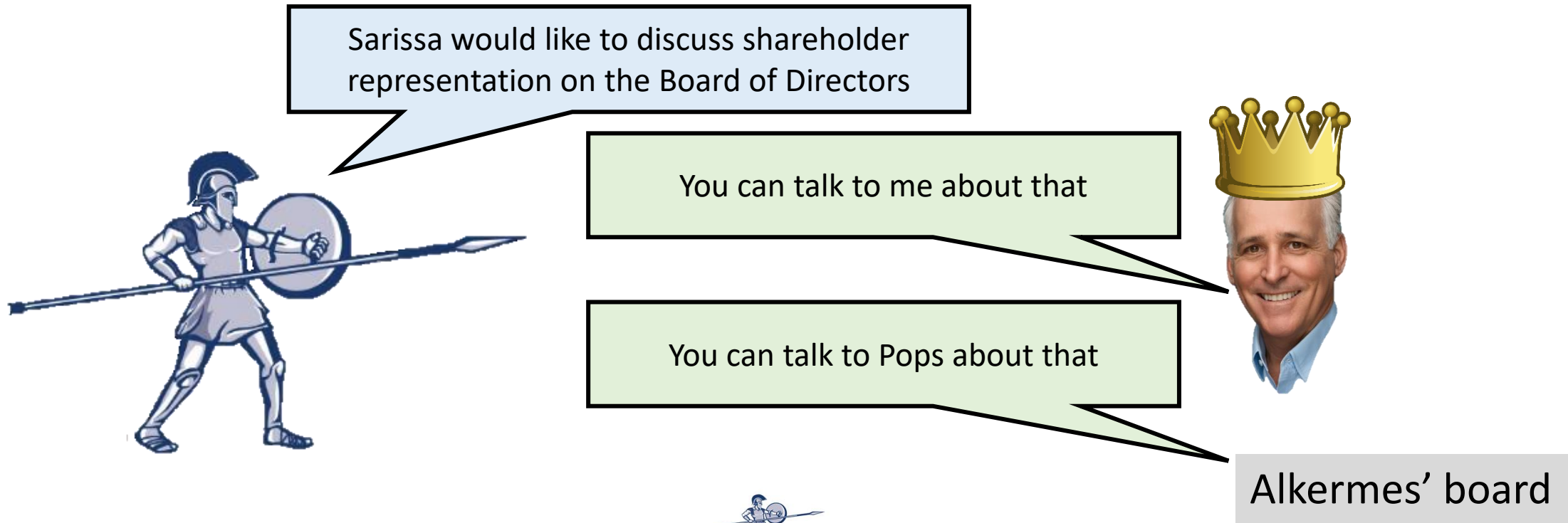


“On June 11, 2021, Mr. Gaffin and Mr. DiPaolo [Sarissa] discussed the Company’s proxy proposals for the 2021 AGM. Mr. DiPaolo expressed dissatisfaction with the timing of the process advanced by the Company to declassify the Board.”

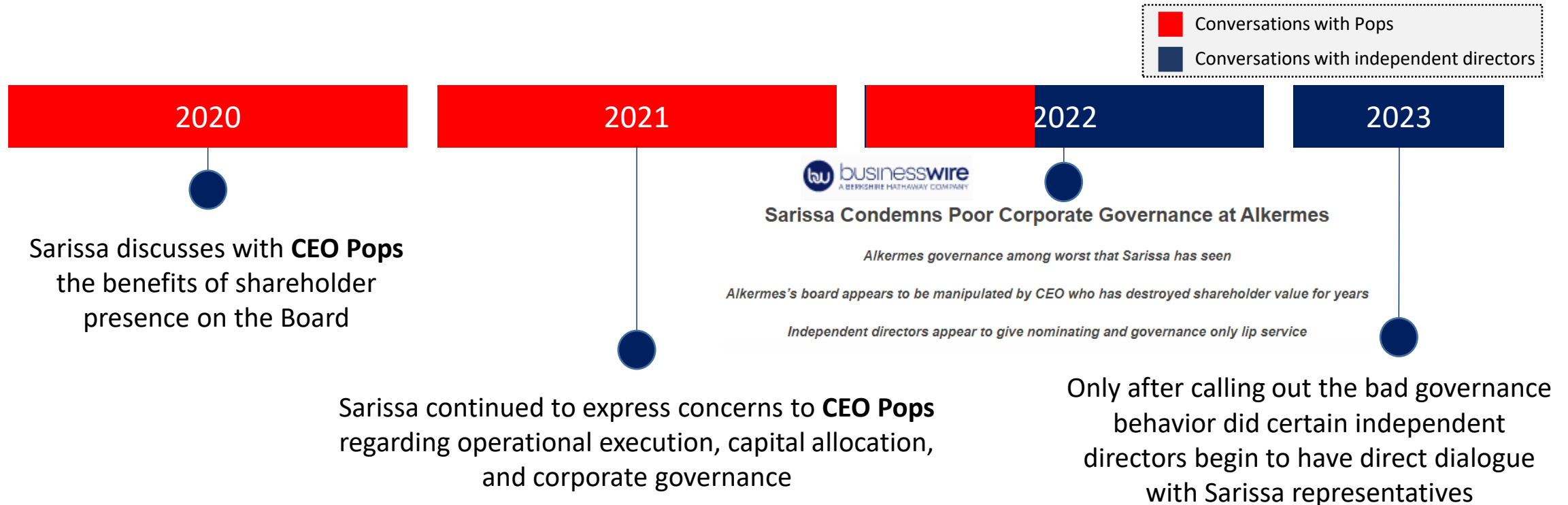
Source: Alkermes Proxy 2022

# Governance at Alkermes has largely been controlled by Pops in Sarissa's interactions

For almost 2 years, Sarissa did not interact with any independent member of the Board or the Nominating and Governance Committee with discussions flowing almost exclusively through CEO Pops, contrary to good governance practices

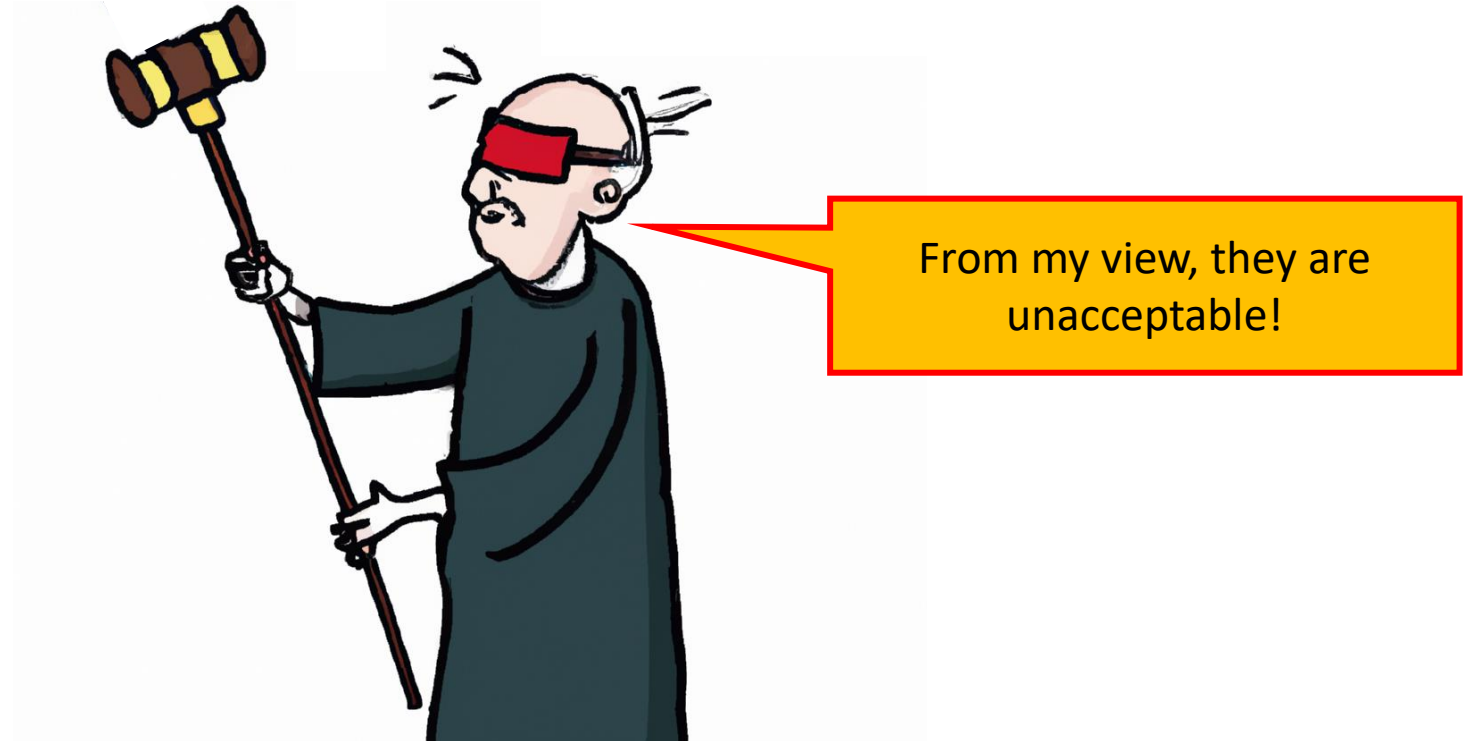


# Sarissa has had multi-year discussions on board representation with most conversations flowing through Pops



Source: Sarissa press release (May 2022)

Alkermes board rejected all Sarissa nominees in 2022 without ever meeting or speaking with them



Our efforts to add Sarissa shareholder representatives to the board have been met with resistance and stalling tactics

Having one of the largest shareholders on the board will help Alkermes be run for shareholders



# Despite Sarissa's expertise in company spin-offs, Alkermes shuns Sarissa representation on the board

## Sarissa led spin-off deals

April 01, 2019

**Ironwood Pharmaceuticals Completes Separation of Cycleron Therapeutics and Becomes a Gastrointestinal (GI)-focused Healthcare Company**



**Biogen Completes Separation of Global Hemophilia Business, Bioverativ**

FEBRUARY 1, 2017 • CORPORATE



Sarissa's success at orchestrating company spin-offs has created tremendous shareholder value

\*Source: Ironwood/Cycleron Press Release; Biogen/Bioverativ Press Release

# How Alkermes spins oncology is important → separation must be done to create shareholder value

## Sarissa Capital Issues Statement On Ironwood Pharmaceuticals

NEWS PROVIDED BY  
[Sarissa Capital Management LP](#) →  
31 May, 2018, 07:00 ET

We also advocated for the spin of Bioverativ from Biogen which created \$11.6 billion of value from a company with an initial market capitalization of \$4.9 billion. We believe the Ironwood spin should pursue the Biogen/Bioverativ model. In other words, the two companies should be completely separate (except for transition service agreements, etc.) with no cross-ownership. Each company should have governance similar to Bioverativ with unclassified boards, no supervoting stock, no supermajority voting provisions, etc. Importantly, the R&D spinco should have only enough cash to transition to having the capital markets provide funding for its programs.

- The two post-spin companies should be completely separate entities without cross-ownership.
- Each company should have modern, shareholder-friendly governance without classified boards, supervoting stock, etc.
- Capital allocation should be optimal. For example, adding significant debt to one company to capitalize the other or an IPO of 20% of one of the companies in order to capitalize the other would destroy significant shareholder value.

# After success in its arbitration against JNJ, Alkermes board hid that Sarissa urged the company to enter arbitration sooner and not delay the receipt of funds

## Alkermes **2022** Proxy Statement

On March 2, 2022, Mr. Gaffin and Ms. Coombs conducted a conference call with Mr. DiPaolo, Mr. Kostas and Mr. Huang of Sarissa. During the call, the parties discussed recent publicly disclosed interactions between the Company and Janssen in respect of the notices of partial termination. Mr. DiPaolo inquired about the nature of the Company's interactions and why the Company had not yet initiated arbitration or litigation in the matter. Mr. Gaffin responded that this information would constitute material non-public information and that, as such, he would not be able to comment. Mr. DiPaolo continued to question Mr. Gaffin on his opinion as to the odds of success in an arbitration with Janssen. Mr. Gaffin again declined to comment.

**VS**

## Alkermes **2023** Proxy Statement

On March 2, 2022, Mr. DiPaolo and Mr. Gaffin spoke twice. Mr. Gaffin reiterated the Company's interest in engaging with Dr. Denner in respect of the Second Sarissa Nomination Notice and inquired why Dr. Denner chose not to respond to Mr. Pops' attempts at outreach. Mr. DiPaolo responded that he was not privy to Dr. Denner's rationale.

Sarissa believed that Alkermes should have acted swiftly and aggressively on frivolous claims by JNJ. Why try to delay arbitration and introduce extra costs, delayed revenue, and volatility to the stock?

ii Calculated as earnings before interest, taxation, depreciation, amortization and one-time items, includes share-based compensation expenses.



# Throughout our multiyear engagement, we have been patient and desired a settlement

Alkermes email (May 3, 2023)

Hi Nancy,

We want to settle. I have ideas as to how to settle.

As I said, we think dialogue is always good. However, I would again ask the same question: if your board wants to meet with us regularly, why don't you just add us to the board? As I joked, our nominees will bring their own food to board meetings if that is the issue!

You had mentioned meeting with Pops might be helpful. Should we do that?

Thank you,

Alex



With a desire to settle and avoid a proxy fight, Sarissa made a significant concession to link board representation to stock performance but was summarily rebuffed



Despite a reasonable compromise and a significant concession on our part, Alkermes rejected our proposal to link Sarissa board representation with Alkermes stock price

# Board appears to have insufficient oversight of Pops



**Pops and not independent directors led NomGov discussions with Sarissa for years**

**Pops reportedly soliciting votes during quiet period prior to filing proxy materials**

Board providing Pops' lucrative compensation despite performance

Alkermes' culture of overpromising and underdelivering

Board has allowed Pops to empire build

→ years of excessive spending with no coherent business strategy



Directors

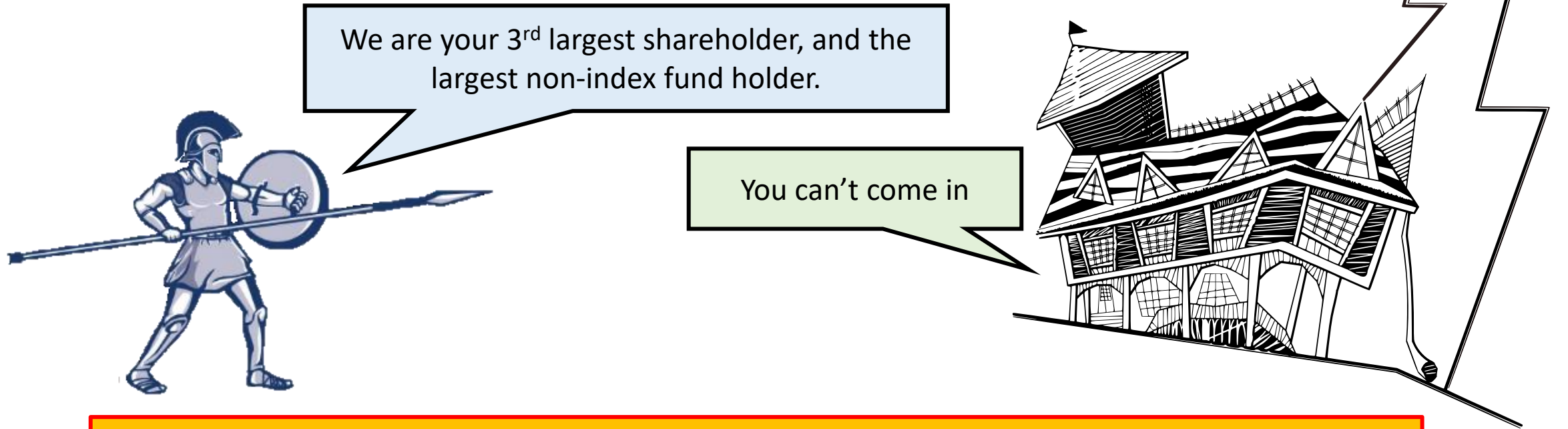


Directors



SARISSA CAPITAL  
MANAGEMENT LP

# Increasingly evident, Sarissa representative directors are needed to finally run Alkermes for shareholders



Sarissa is uncertain why the board is so resistant to having direct shareholder representatives on the board of Alkermes

Alkermes refuses to add a Sarissa representative to the board

Sarissa mutually agreed with Pops for Alkermes to add Dr. Cato T. Laurencin (a non-Sarissa representative) to the board in 2021 as a good first step to providing fresh perspectives to the Alkermes' board

Sarissa believes that Dr. Laurencin is a good addition to the board, but still believes shareholder representation is essential

# Sarissa is nominating three qualified individuals who are dedicated to unlocking shareholder value at Alkermes



**Biogen**



The Medicines Company

Bioverativ



**Alex Denner, Ph.D.**



**AMARIN**

Arbalet Capital

**ARROWHAWK**  
CAPITAL PARTNERS

Ridgefield Capital



**Patrice Bonfiglio**



**INNOVIVA**



The Medicines Company



**Sarah Schlesinger, M.D.**



# Alex Denner, Ph.D.



## Work Experience

- Currently:
  - Founding partner and Chief Investment Officer of Sarissa Capital Management LP
- Prior, include:
  - Senior Managing Director at Icahn Capital
  - Portfolio Manager at Viking Global Investors
  - Healthcare portfolio manager at Morgan Stanley Investment Management

## Board Experience

- Currently:
  - Biogen Inc. (Chair of Corporate Governance Committee)
  - Ironwood Pharmaceuticals (Chair of Gov-Nom Committee)
  - Attralus, Inc.
- Prior, include:
  - The Medicines Company (Chairman)
  - Bioverativ
  - ARIAD Pharmaceuticals (Chairman)
  - Amylin Pharmaceuticals
  - ImClone Systems (Chairman, Chairman of Executive Committee)

# Patrice Bonfiglio



## Work Experience

- Currently:
  - President at Sarissa Capital
  - Chief Operating Officer, Chief Financial Officer and Chief Compliance Officer of Sarissa Capital
- Prior, include:
  - Head of Operations at Arbalet Capital
  - Operations Manager at Arrowhawk Capital
  - Senior Accountant at Ridgefield Capital
  - Associate and Fund Accountant at Pequot Capital

## Board Experience

- Currently:
  - Amarin Corp



# Sarah Schlesinger, M.D.



## Work Experience

- Currently:
  - Associate Professor at Rockefeller University
  - Senior Attending Physician at Rockefeller University Hospital
- Prior, include:
  - Scientist at Vaccine Research and Design International AIDS Vaccine Initiative
  - Research Physician at Walter Reed Army Institute of Research

## Board Experience

- Currently:
  - Innoviva, Inc. (Chair of Nominating/Corporate Governance Committee)
  - Armata Pharmaceuticals
- Prior, include:
  - The Medicines Company
  - ARIAD Pharmaceuticals (Chair of Science and Medicine Committee)

We expect the company to argue that Denner, as a director of Biogen, has a conflict of interest since Biogen is partnered with Alkermes for Vumerity...



...but Alkermes cleared conflicts for a Biogen director (not named Alex Denner) to join the Alkermes board

### Alkermes email

Alex,  
Thank you for such a productive call. [REDACTED]  
[REDACTED]

To summarize our discussion, we agreed:

1. Alkermes will grant Sarissa an option, exercisable between Oct. 30 and Dec. 31, 2021, to select a director from a list of candidates that is currently comprised of [REDACTED] and [REDACTED] (pending [REDACTED] consent for [REDACTED] to serve). This list is not intended to be limiting; additional director candidates can be added to the list upon our joint agreement. Upon exercise of the option by Sarissa, Alkermes will promptly elect such director to the Board.
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]

I hope this accurately captures our discussion. Please let me know if you see things any differently.  
Thank you.  
Sincerely,  
Richard

Biogen Director

Candidate's employer

### Alkermes email

Mark,  
Hope you and the family are well. [REDACTED]

It seems that Richard and Alex had a good call and agreed to Feb. 28, 2022 as the end date for the right. Given that—[REDACTED]—the complete terms are then: Alkermes will grant Sarissa a right, exercisable between Oct. 30, 2021 and February 28, 2022, to select a director from a list of candidates that is currently comprised of [REDACTED] and [REDACTED] (pending [REDACTED] consent for [REDACTED] to serve). This list is not intended to be limiting and additional director candidates can be added to the list upon the agreement of ALKS and Sarissa. Upon exercise of the option by Sarissa and its designation of a director from the list, Alkermes agrees to nominate such director to the Board in 2022.

Please let me know if I missed anything.

Dave

---

David Gaffin  
Senior Vice President of Legal Officer  
Alkermes, Inc.

Biogen Director

Candidate's employer

Source: Email agreement between Alkermes management and Sarissa

# Blocking Denner from joining the Alkermes board is really a desire to keep Sarissa off the board, not because of purported conflicts of interests

Sarissa and Alkermes agreed to a list of acceptable board candidates, which included a Biogen board member, to join in 2022

Pops subsequently rejected Alex Denner as a board candidate citing his service on Biogen board

Biogen Board Member  
(not named Alex Denner)



Seems like Biogen board membership isn't "conflict of interest," but rather, Pops' desire to keep Sarissa off the board!

Without clear explanations why Alkermes will not accept our candidates, we can only speculate they fear the following:



Sarissa will introduce oversight by shareholders



Sarissa will show that the company's business model is flawed



The era of complacency with capital allocation will come to a close



Shareholders will realize old Alkermes wasted billions of dollars on poor R&D choices



The issues with manufacturing and its lack of profitability at Alkermes come to light



Sarissa will take credit for the oncology spin

Alkermes board appears insistent on insulating itself from shareholder oversight and accountability

**DO NOT RE-ELECT RICHARD POPS** → Despite poor performance since 1991, one thing has been a constant: CEO Pops at the helm of Alkermes



“The definition of insanity is doing the same thing over and over and expecting different results”  
- misattributed to Albert Einstein

\*Blank

# DO NOT RE-ELECT RICHARD GAYNOR → a cancer specialist is no longer needed on the board as Alkermes refocuses on neuroscience

Alkermes Announces the Appointment of Richard Gaynor, M.D. and Andy Wilson to its Board of Directors and the Retirement of Director Floyd Bloom, M.D.



DUBLIN, Sept. 13, 2019 /PRNewswire/

Dr. Gaynor, who currently serves as the President of Research & Development at Neon Therapeutics, brings 18 years of experience in oncology-focused industrial drug development in addition to a distinguished career in academic medicine. He is board-certified in internal medicine and medical oncology and hematology.

The value of 18 years of experience in oncology-focused drug development (to use Alkermes' words) is now irrelevant except perhaps with the oncology spin

**DO NOT RE-ELECT SHANE COOKE** → Alkermes needs a fresh perspective and not another long-term member of Alkermes' management on its board

Mr. Cooke served as President of Alkermes from September 2011 until his retirement in March 2018. He became a Director of Alkermes upon his retirement. Mr. Cooke is Chairman of the Board of Alkermes Pharma Ireland Limited ("APIL"), a wholly-owned subsidiary of Alkermes, and has held that position since September 2011. From May 2007 to September 2011, Mr.

Cooke filled his retirement from Alkermes with...more Alkermes. Shareholders don't need more of the same at Alkermes as the company's past performance has shown



# Summary

- Generating >\$1 Bn in revenue for 5 years and still operating at a loss indicates a fundamental problem with the business model
- Alkermes continues to destroy shareholder value
- Substantial shareholder value can be unlocked if Alkermes were run for the benefit of shareholders
- Sarissa is nominating three qualified candidates to join the Alkermes board and upgrade the company for all shareholders
- The current board of directors refuses involvement from major shareholder with a long history of creating value
- Sarissa continues to make efforts to settle

# VOTE THE **BLUE** UNIVERSAL CARD TO UPGRADE ALKERMES

ONLY VOTE 1 CARD. DISCARD THE WHITE PROXY CARD

- Vote “**FOR**” the election of Sarissa Nominees
- Vote “**AGAINST**” the compensation of the Company’s named executive officers
- Vote “**FOR**” all other proposals in our proxy statement

Vote before General Meeting of Alkermes shareholders scheduled for June 29, 2023.  
We urge all shareholders to vote today.

[UPGRADEALKERMES.COM](https://UPGRADEALKERMES.COM)



# Shareholders are strongly encouraged to submit their votes today *or risk having their votes not counted*

Shareholders can vote in one of three easy ways:

- **Voting by Internet** – Visit [www.cesvote.com](http://www.cesvote.com). You will be prompted to provide the unique control number featured on your **BLUE** universal proxy card.
- **Vote by Phone** – Dial the toll-free number 1-888-693-8683. You will be prompted to provide the unique control number featured on your **BLUE** universal proxy card.
- **Voting by Mail** – Sign, date and return your **BLUE** universal proxy card in the postage-paid envelope sent to you.

The General Meeting of Alkermes shareholders is scheduled for June 29, 2023. We urge all shareholders to vote today **“FOR” the election of the Sarissa Nominees, “AGAINST” the compensation of the Company’s named executive officers, and “FOR” all other proposals in our proxy statement.**

If you have any questions regarding your **BLUE** proxy card or need assistance in executing your proxy card, please contact:

D.F. King & Co., Inc.

48 Wall Street

New York, New York 10005

**Shareholders call toll-free: (866) 207-3648**

**Banks and Brokers call: (212) 493-6952**

**By Email: [ALKS@dfking.com](mailto:ALKS@dfking.com)**

VOTE THE **BLUE** PROXY CARD TODAY FOR YOUR VOTES TO COUNT AT THE ALKERMES' ANNUAL GENERAL MEETING OF SHAREHOLDERS ON JUNE 29, 2023



# Disclosures

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## ADDITIONAL INFORMATION

Sarissa Capital Management LP ("Sarissa Capital"), together with other participants, filed a definitive proxy statement and an accompanying BLUE universal proxy card with the SEC on June 2, 2023, in connection with the solicitation of shareholders of the Company for the 2023 annual general meeting of shareholders (the "Annual Meeting"). Shareholders are advised to read the definitive proxy statement and other documents related to the Annual Meeting as they contain important information.

The definitive proxy statement and other relevant documents are available at no charge on the SEC's website at [www.sec.gov](http://www.sec.gov). The definitive proxy statement and other relevant documents filed by Sarissa Capital are also available at no charge at [www.upgradealkermes.com](http://www.upgradealkermes.com) or by directing a request to Sarissa Capital's proxy solicitor, D.F. King & Co., Inc., 48 Wall Street, New York, New York 10005 (Shareholders can call toll-free: (866) 207-3648).