

**Amryt Pharma plc**

**Annual Report and Accounts  
for the year ended December 31, 2021**

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## **Introduction**

We are pleased to present the annual report and financial statements of Amryt Pharma plc for the year ended December 31, 2021. As used herein, references to “we”, “us”, “Amryt” or the “Group” in this annual report shall mean Amryt Pharma plc and its world-wide subsidiaries, collectively. References to the “Company” in this annual report shall mean Amryt Pharma plc. The Group has also filed with the U.S. Securities and Exchange Commission (the “SEC”) its Annual Report on Form 20-F for the year ended December 31, 2021, which contains additional disclosures regarding some of the matters discussed in this report.

Amryt Pharma plc (“Company”) is a company incorporated in England and Wales. The Company’s American Depositary Shares (“ADSs”) have been listed on the NASDAQ Global Select Market (“NASDAQ”) since July 8, 2020 (ticker: AMYT), and, up until January 11, 2022, its shares were also quoted on the Alternative Investment Market (“AIM”), a sub-market of the London Stock Exchange (ticker: AMYT). The Company announced the cancellation of its admission to AIM on November 22, 2021, and following the AIM delisting on January 11, 2022, the Company’s ADSs will remain listed and will only be tradeable on NASDAQ. The Company’s last day of trading on AIM was January 10, 2022.

We were incorporated under the Companies Act 2006 (“Companies Act”) on July 17, 2019, as a private company limited by shares under the name Amryt Pharma Holdings Limited, with company number 12107859. We were re-registered as a public limited company on September 13, 2019, under the name Amryt Pharma Holdings Limited. On September 24, 2019, Amryt Pharma Holdings plc became the new parent company of Amryt Pharma plc pursuant to a scheme of arrangement between Amryt Pharma plc and its shareholders under Part 26 of the Companies Act. Amryt Pharma Holdings Limited changed its name to Amryt Pharma plc.

On August 5, 2021, Amryt completed the acquisition of Chiasma, Inc. and, in conjunction with the completion, Amryt allotted and issued a total of 127,733,680 ordinary shares as consideration for the acquisition. Following the completion, shareholdings in Chiasma were rounded in being converted to Amryt shares using the exchange ratio of 0.396. Roundings in converting Chiasma shareholdings to Amryt shares were finalized in August 2021 and resulted in an additional 7,015 ordinary shares being allotted and issued by Amryt as consideration for the acquisition. In total, these ordinary shares were issued to the former Chiasma Shareholders in the form of 25,548,139 ADSs at US\$10.19 per share, to acquire Chiasma for a value of US\$260,336,000. On August 5, 2021, the Group repaid US\$116,629,000 of Chiasma long term debt.

Through the acquisition of Chiasma, Inc, we acquired our third commercial product, Mycapssa® (octreotide capsules) which is approved in the US for long-term maintenance therapy in acromegaly patients who have responded to and tolerated treatment with octreotide or lanreotide. Mycapssa® is the first and only oral somatostatin analog approved by the Food and Drug Administration (“FDA”). Mycapssa® has also been submitted to the European Medicines Agency (“EMA”) and is not yet approved in Europe. We believe that following the acquisition the combined company will be a global leader in rare and orphan diseases with three on-market commercial products, a global commercial and operational footprint and a significant development pipeline of therapies with the financial flexibility to execute its growth plans.

The consolidated accounts comprise the financial statements for the Group for the 12 months ended December 31, 2021, and 2020. The 2021 financial statements incorporate the results of Chiasma, Inc. from the date of acquisition, August 5, 2021, to December 31, 2021.

The functional currency of the Group and Company is US dollars.

## **Our Business**

Amryt is a global commercial-stage biopharmaceutical company focused on acquiring, developing and commercializing novel treatments for rare diseases. Amryt comprises a strong and growing portfolio of commercial and development assets. Amryt’s commercial business comprises three orphan disease products – metreleptin (Myalept®/ Myalepta®); oral octreotide (Mycapssa®); and lomitapide (Juxtapid®/ Lojuxta®).

We have a proven track record of obtaining rare disease assets, either through acquisition or in-license, and we intend to continue building our portfolio of rare disease programs with the goal of delivering effective

treatments to patients in need. For more information on Amryt, including products, please visit [www.amrytpharma.com](http://www.amrytpharma.com).

## **Our Products and Development Pipeline**

### **Commercial Assets**

#### **Metreleptin**

Metreleptin is a recombinant analog of human leptin. It is marketed as Myalept® in the US as an adjunct to diet as a replacement therapy to treat the complications of leptin deficiency in patients with congenital or acquired generalized lipodystrophy ("GL"). It is marketed as Myalepta® in the EU as an adjunct to diet as a replacement therapy to treat the complications of leptin deficiency in adults and children two years of age and above with congenital or acquired GL. Myalepta® is also approved in the EU for adults and children 12 years of age and above with familial or acquired partial lipodystrophy ("PL") for whom standard treatments have failed to achieve adequate metabolic control with congenital or acquired GL and also congenital or acquired PL. Leptin, which is deficient in patients with GL, is the key hormone responsible for regulating appetite and also has an important regulatory effect on energy expenditure. Leptin is a naturally occurring hormone derived from fat cells and an important regulator of energy, fat and glucose metabolism, reproductive capacity and other physiological functions. The predominant cause of metabolic complications in GL is excess triglyceride accumulation in the liver and skeletal muscle due to the inability to store triglycerides in fat cells. As a result of the deficiency of leptin associated with GL, patients experience significant fatigue as well as hyperphagia, or unregulated appetite. The loss of fat tissue caused by this disease often leads to severe metabolic abnormalities that contribute to increased morbidity and mortality.

#### **Lomitapide**

Lomitapide, which is marketed as Juxtapid® in the US and as Lojuxta® in EMEA, is an oral, once-a-day treatment for adult patients with Homozygous Familial Hypercholesterolaemia ("HoFH"), as an adjunct to a low-fat diet and other lipid-lowering medicinal products, with or without low density lipoprotein ("LDL") apheresis. HoFH is a rare genetic disease, which impairs the body's ability to remove LDL cholesterol, or "bad" cholesterol, typically leading to abnormally high LDL cholesterol levels in the blood. HoFH patients are at a high risk of experiencing life-threatening cardiovascular events at an early age as a result of extremely elevated cholesterol levels in the blood and have a substantially reduced life expectancy relative to unaffected individuals. According to a 2013 European Health Journal article, the prevalence of HoFH is one person per million. However, according to a 2016 article published in Atherosclerosis, the number may be as high as 6.25 persons per million. Aggressive treatment, including dietary modifications plus combination therapy with currently approved lipid lowering drugs at maximum tolerated doses, often fails to reduce LDL cholesterol levels to their recommended targets in these patients. Lomitapide is a small molecule microsomal triglyceride transfer protein ("MTP") inhibitor with the potential to provide significant reductions in LDL cholesterol levels in this high-risk patient population.

#### **Mycapssa®**

Mycapssa® (octreotide capsules) is a combination of octreotide acetate and excipients collectively called Transient Permeability Enhancer (TPE®). TPE improves the oral bioavailability of poorly absorbed drugs such as octreotide by increasing the permeability of the intestine. The mode of action of TPE is thought to involve a transient opening of the tight junctions between epithelial cells lining the intestine.

Acromegaly is a rare disease most often caused by a benign pituitary tumor and characterized by an excess of growth hormone and insulin-like growth factor-1 hormone. Treatment options include surgery, medication and radiation or a combination of these. Mycapssa® (octreotide capsules) is approved in the US for long-term maintenance therapy in acromegaly patients who have responded to and tolerated treatment with octreotide or lanreotide. Mycapssa® is the first and only oral somatostatin analog approved by the FDA. Mycapssa® has also been submitted to the EMA and is not yet approved in Europe.

## **Development Pipeline**

### **Oleogel S-10**

Our lead development candidate, Oleogel-S10, is being developed as a potential topical treatment for the partial thickness wounds of severe Epidermolysis Bullosa (“EB”), a rare and devastating genetic skin disease affecting young children and adults for which there is currently no approved treatment. EB is a group of diseases of the skin, mucous membranes and internal epithelial linings characterized by extreme skin fragility that blisters and tears from minor friction or trauma. Patients with severe forms of EB, including Dystrophic EB (“DEB”) and Junctional EB (“JEB”), suffer from severe and chronic blistering, ulceration, scarring, mutilating scarring of the hands and feet, joint contractures, strictures of the esophagus and mucous membranes, a high risk of developing aggressive squamous cell carcinomas, infections and risk of premature death. Market research indicates an incidence among live births of one in 20,000, and, when accounting for life expectancy per EB sub-type, there are an estimated 30 patients per million (total EB prevalence in the general population), of which approximately 31% are DEB and JEB patients.

In September 2020, Amryt announced positive results from its pivotal Phase 3 EASE trial in EB. EASE is the largest Phase 3 trial ever conducted in EB.

The primary endpoint of the trial was achieved and demonstrated a statistically significant acceleration of target wound healing by day 45 in patients treated with Oleogel-S10 versus control gel (p-value = 0.013) representing a 44% increase in target wound closure with Oleogel-S10 versus the control gel.

The RDEB sub-group experienced a greater benefit when treated with Oleogel-S10 than the overall population (nominal p-value = 0.008) representing a 72% increase in target wound closure with Oleogel-S10 vs the control gel. Favorable trends were evident among secondary endpoints including change in procedural pain, total body wound burden based on EB Disease Activity and Scarring Index (“EBDASI”) score and affected body surface area percentage. Oleogel-S10 had an acceptable safety profile and was well tolerated when compared with control gel.

Oleogel-S10 has been granted Pediatric Rare Disease Designation by the FDA in August 2018. If the New Drug Application (“NDA”) is granted a priority review and subsequently results in an approval from the FDA, we are eligible to apply for a Priority Review Voucher (“PRV”) that we can use, sell or transfer. When the NDA was submitted to the FDA on March 30, 2021, Amryt requested priority review. In June 2021, Amryt received confirmation from the FDA that its NDA for Oleogel-S10 had been accepted and granted priority review. On February 28, 2022, we received a Complete Response Letter (“CRL”) from the FDA which asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB. Amryt intends to discuss with the FDA the nature of the data required to address the Agency’s concerns. Having received a CRL from the FDA we may no longer be eligible for a PRV and we intend to discuss and clarify this with the FDA.

A Marketing Authorization Application (“MAA”) for Oleogel-S10 for the treatment of Dystrophic and Junctional EB was validated by EMA March 25, 2021, the assessment process by EMA was completed on April 22, 2022, when the CHMP adopted a positive opinion. The positive opinion recommends the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days.

### ***Additional Opportunity for Oleogel-S10***

We are also supporting an investigator-led Phase 2 study of Oleogel-S10 for the treatment of severe radiation-induced dermatitis. This trial commenced in Q4 2021.

### **AP103 for the treatment of DEB**

In March 2018, we acquired the rights to a novel polymer-based topical gene therapy delivery platform for potential use in the treatment of rare genetic diseases. The technology involves the use of highly branched poly β-amino ester (“HPAE”) polymers as the topical delivery vehicle for gene therapy. Our first product candidate utilizing this platform, AP103, is currently in preclinical development for the treatment of patients with DEB. Patients with DEB have a defect in the COL7A1 gene resulting in the inability to produce collagen VII, which plays an important role in anchoring the dermal and epidermal layers of the skin. AP103 is the combination of this

polymer technology and the COL7A1 gene. If successful, we believe this could eliminate the requirement for viruses as topical delivery vectors.

In preclinical studies in a human mouse xenograph model of EB, we observed that topical application of AP103 restored production of collagen VII. In separate preclinical studies, AP103 was observed to restore collagen VII to levels exceeding those produced by healthy human keratinocytes (cells that regenerate the outer layer of the skin). In addition, we did not observe evidence of cellular toxicity after repeated administration in these studies. Our preclinical development of AP103 is ongoing. To support this critical milestone, significant effort has been invested in 2021 to advance the manufacturing and characterization of the AP103 drug product and constituent components. To date, the team have generated the initial qualified batches of the HPAE polymer and DNA required to generate AP103. This advancement will facilitate the initiation of key aspects of the non-clinical safety program in 2022, which need to be completed prior to launch of first in human (FIH) studies. We intend to initiate clinical development of AP103 in 2023. In September 2020, the EMA's Committee for Orphan Medicinal Products ("COMP") adopted a positive opinion for orphan designation for the use of AP103 in EB and on December 23, 2020, the FDA granted orphan designation for AP103 in the treatment of DEB.

#### **Mycapssa® for the Treatment of Neuroendocrine Tumors ("NET")**

Neuroendocrine tumors (NETs) are a heterogeneous group of cancer subtypes that arise in endocrine cells that exist in different organ systems throughout the body. Most NETs (approximately 70%) occur in the gastrointestinal (GI) tract or pancreas. Tumors arising from the GI tract are termed carcinoid tumors. NET may also occur in the respiratory tract, central nervous system, thyroid, skin, breast, and urogenital system. Up to 20% of carcinoid tumors are estimated to have carcinoid syndrome (CS). CS are mainly associated with midgut metastatic carcinoid tumors. Most commonly, CS presents with diarrhea and flushing episodes due to excessive secretion of serotonin. Injectable SRLs, such as octreotide long-acting release, subcutaneous octreotide immediate release, and lanreotide, are the first-line treatment for CS associated symptoms as they significantly improve flushing episodes and diarrhea symptoms by inhibiting the secretion of serotonin among other hormones and vasoactive substances.

Pharmacokinetic studies have been completed and the data supports the higher doses of Mycapssa® (octreotide capsules) required in the planned Phase 3 study in patients with carcinoid symptoms due to NET.

The FDA has confirmed that a single positive Phase 3 study would be sufficient for approval consistent with the 505(b)(2) regulatory pathway previously agreed. Amryt is currently finalizing the study protocol with the FDA and plans to initiate the Phase 3 study in Q4 2022.

#### **Strategy & Principal Activities**

Amryt Pharma plc provides management services to group companies which are charged on an arms' length basis based on costs incurred by the Company with an appropriate mark-up applied. See note 26 to the financial statements for a complete list of direct and indirect subsidiaries. The Company employs eight Non-Executive Directors. The Directors are charged with the responsibility of:

- setting the overall Group strategy and providing leadership to implement the strategy and supervising the management of the business;
- the acquisition or disposal of material corporate entities or assets;
- public announcements (including financial statements); approving or making significant changes in accounting policy, the capital structure and dividend policy of Amryt;
- Group remuneration policy; and
- Board structure, composition and succession.

The Board delegates to management in the subsidiary companies, through the Executive Director, responsibility for the overall performance of the Group, which is conducted principally through the setting of clear objectives and monitoring of performance against those objectives.

During 2021, we continued to execute on our strategy to acquire, develop and commercialize novel treatments for rare and orphan diseases. On August 5, 2021, Amryt completed the acquisition of Chiasma, Inc., through which we acquired our third commercial product, Mycapssa® (octreotide capsules) which is approved in the US for long-term maintenance therapy in acromegaly patients who have responded to and tolerated treatment

with octreotide or lanreotide. Mycapssa® is the first and only oral somatostatin analog approved by the FDA. Mycapssa® has also been submitted to the EMA and is not yet approved in Europe. The combined company will be a global leader in rare and orphan diseases with three on-market commercial products, a global commercial and operational footprint and a significant development pipeline of therapies with the financial flexibility to execute its growth plans. Amryt has a global portfolio of commercial and development-stage rare disease assets, including three high-value commercial assets and multiple development opportunities in complementary global markets. We have a demonstrable track record of execution, integration, delivering synergies and driving growth from acquired businesses and our global infrastructure is primed and ready to acquire more assets. We believe we have the expertise and capacity to help acquired assets reach their full potential within the Amryt framework. We are encouraged by our business development pipeline and we believe we will continue to find and add complementary products to Amryt's pipeline that will enable us to grow revenues, EBITDA and cash generation into the future.

Our vision is to become a leading global rare disease company by acquiring, developing and commercializing medicines that transform the lives of patients & their families around the world. To achieve this vision, we are pursuing the following strategies:

- Drive revenue growth for our existing commercial products. We intend to continue to focus on growing the sales of lomitapide, metreleptin and Mycapssa® in the markets and indications we currently sell them. We also intend to expand the market opportunity by seeking approval for the use of lomitapide to treat pediatric HoFH, for the use of metreleptin to treat a PL indication in the US and expand the indication of Mycapssa® beyond acromegaly into carcinoid syndrome associated with neuroendocrine tumors.
- Complete regulatory filings with the FDA and EMA and commercialize our lead development candidate, Oleogel-S10, for the treatment of severe EB. The pivotal EASE Phase 3 trial for Oleogel-S10 for the treatment of cutaneous manifestations of severe EB, is now complete. The product does not currently have regulatory approval to treat EB but has been submitted to the FDA for approval and in June 2021, Amryt received confirmation from the FDA that its NDA for Oleogel-S10 had been accepted and granted priority review. On February 28, 2022, Amryt announced that the FDA communicated that it had completed its review of the NDA for Oleogel-S10 and has determined that the application cannot be approved in its present form. The FDA has asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB. Amryt intends to discuss with the FDA the nature of the data required to address the Agency's concerns. In Europe, a Marketing Authorization Application ("MAA") for Oleogel-S10 was accepted for assessment by the EMA in March 2021. The positive opinion recommends the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days. If approved, we intend to commercialize Oleogel-S10 in the US and the EU and evaluate go-to-market strategies for other key markets globally.
- Leverage our global commercial, medical affairs, market access and patient advocacy infrastructure. We intend to leverage this infrastructure and expertise to commercialize our development-stage pipeline, including our lead development candidate, Oleogel-S10, if approved, and any rare disease assets we may acquire or in-license in the future. We also intend to evaluate life-cycle opportunities for Oleogel-S10 in other severe, orphan dermatology conditions where there is high unmet medical need to seek to maximize its value over its period of exclusivity.
- Continue to develop our gene therapy platform with an initial focus on AP103, the first product candidate derived from the platform technology, for the treatment of DEB. AP103 is currently in preclinical development for the treatment of DEB. We intend to initiate clinical development of AP103 in 2023.
- Continue to evaluate opportunities to expand our rare disease product portfolio and pipeline. We believe we are well positioned to continue to acquire or in-license rare disease assets that we believe we can efficiently develop and commercialize through our global infrastructure.

## Financial Review

### Revenues

The revenues for each of our significant products were as follows:

	Year ended December 31,		Increase / (Decrease)	
	2021	2020		
	\$'000	\$'000	\$'000	%
Metreleptin	141,242	106,872	34,370	32.2%
Lomitapide	73,867	74,750	(883)	(1.2%)
Mycapssa®	6,407	—	6,407	—
Other	1,027	985	42	4.3%
<b>Total revenues</b>	<b>222,543</b>	<b>182,607</b>	<b>39,936</b>	<b>21.9%</b>

Total product sales were \$222.5 million for the year ended December 31, 2021, compared to \$182.6 million for the year ended December 31, 2020. The increase in revenues was due to increased sales of metreleptin as well as our acquisition of Chiasma in August 2021. Sales of metreleptin lomitapide, and Mycapssa® comprise product sales and royalties on sales, respectively, made by our licensees.

#### Metreleptin

We generated revenues from product sales of metreleptin of \$141.1 million and royalties of \$0.1 million from Shionogi for the year ended December 31, 2021, compared to \$106.8 million and \$0.1 million for the year ended December 31, 2020, respectively. The increase is driven by continued EMEA launch success, regular tender orders in Brazil and US patient growth. 49.7% of product sales for metreleptin were in the United States, with the remaining 50.3% in the European Union and other international markets.

#### Lomitapide

We generated revenues from product sales of lomitapide of \$70.5 million and Recordati royalties of \$3.4 million for the year ended December 31, 2021, compared to \$71.8 million and \$3.0 million for the year ended December 31, 2020, respectively. The decrease is primarily due to the impact of competition in the US offsetting underlying continued growth in Europe and other territories. 44.5% of product sales for lomitapide were in the United States, with the remaining 55.5% in the European Union and other international markets.

#### Mycapssa®

We generated revenues from product sales of Mycapssa® of \$6.4 million for the period from the date of the acquisition of Chiasma on August 5, 2021, to December 31, 2021.

#### Other

Other revenues relate to sales from our in-house derma-cosmetic range of products, Imlan, and our early access program for Oleogel-S10. Imlan is marketed solely in Germany as a treatment for sensitive, allergy-prone skin. The increase in revenues in the year ended December 31, 2021, was mainly due to higher sales from our early access program product, Oleogel-S10. We intend to market Oleogel-S10 under the brand name of Filsuvez if it is approved for the treatment of EB.

### Cost of Sales:

	Year ended December 31,		Increase / (Decrease)	
	2021	2020		
	\$'000	\$'000	\$'000	%
Cost of product sales	22,029	21,796	233	1.1%
Write-down of inventories	5,688	4,058	1,630	40.2%
Reversal of write-down of inventories	(932)	—	(932)	(100%)
Amortization of acquired intangibles	48,945	42,966	5,979	13.9%
Amortization of inventory fair value step-up	4,417	27,617	(23,199)	(84.0%)
Royalty expenses	25,973	22,592	3,381	15.0%
<b>Total cost of sales</b>	<b>106,119</b>	<b>119,029</b>	<b>(12,910)</b>	<b>(10.8%)</b>

Total cost of sales was \$106.1 million for the year ended December 31, 2021, representing the cost, including royalties, of selling metreleptin, lomitapide and Mycapssa®, the cost of delivery of goods sold to customers,



including the costs associated with the services provided by the distributors to import and deliver the goods, the non-cash intangible amortization, and the non-cash inventory fair value step-up expenses and write-down of inventories to fair value less costs to sell recognized as an expense. Total cost of sales was \$119.0 million for the year ended December 31, 2020. The decrease is driven by a reduction in the non-cash inventory fair value step-up expenses which reduced due to the full amortization of the Aegerion related inventory fair value step-up in early 2021 and a lower amortization from the Chiasma related inventory fair value step-up from August 5, 2021. This decrease is offset by additional costs related to the cost, including royalties, of selling metreleptin, lomitapide and Mycapssa®, and non-cash intangible amortization.

The cost of product sales in the year ended December 31, 2021, increased by \$0.9 million, and royalty expenses increased by \$3.4 million in 2021 compared to the year ended December 31, 2020. The acquisition of Mycapssa® as well as increased costs for lomitapide for markets outside the EMEA and metreleptin for all markets largely drove this increase in costs. Following the acquisition of Chiasma, we are now selling three commercial products with two being sold on a global basis and one commercial product being solely sold in the United States. This results in a higher cost of producing our commercial products, higher royalties on sales, and higher costs of delivery of goods sold to customers, including the costs associated with the services provided by our distributors to import and deliver the goods.

Amortization of acquired intangible assets was \$48.9 million in 2021 compared to \$43.0 million in 2020. This relates to the amortization charge on the three commercial assets purchased as part of the Aegerion and Chiasma acquisitions. The increase is driven by amortization related to the period from the date of the Chiasma acquisition on August 5, 2021, to December 31, 2021.

The non-cash inventory fair value step-up expense was \$4.4 million in 2021, compared to \$27.6 million in 2020. This relates to the difference between the estimated fair value and the book value of inventory acquired from as part of the acquisitions of Aegerion and Chiasma which is being amortized over the estimated period that we expect to sell this inventory. The decrease in the non-cash inventory fair value step-up expense is due to the inventory step-up recognized as part of the Aegerion acquisition being fully amortized at the beginning of 2021 and the inventory fair value step-up from the Chiasma acquisition, which was lower than that from the Aegerion acquisition, being amortized from August 5, 2021.

#### ***Research and Development Expenses***

Research and development expenses consist primarily of costs related to clinical studies and outside services, post-approval commitment studies, personnel expenses and other research and development costs. Study costs and outside services costs relate primarily to services performed by clinical research organizations, materials and supplies, and other third-party fees. Research and development expenses for the year ended December 31, 2021, were \$37.7 million, representing 24.3% of our total operating expenses, compared to \$27.6 million, or 25.1% of total operating expenses, for the year ended December 31, 2020. Research and development expenses in both years were primarily driven by the clinical advancement of Oleogel-S10 as we continued our global EASE study. Research expenses in 2021 comprised \$15.9 million in employee compensation, \$14.9 million of amounts paid to clinical research organizations, and \$6.9 million of other outsourced services. Research expenses in 2020 comprised \$11.7 million in employee compensation, \$11.3 million of amounts paid to clinical research organizations, and \$4.6 million of other outsourced services.

#### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses were \$92.0 million for the year ended December 31, 2021, representing 59.3% of our total operating expenses, compared to \$76.7 million for the year ended December 31, 2020, representing 69.7% of our total operating expenses. The increase in selling, general and administrative expenses was primarily due to an increase in compensation-related expenses, primarily driven by higher headcount following the acquisition of Chiasma, and an increase in other expenses related to the expansion and support of our business.

#### ***Restructuring and Acquisition Costs***

Restructuring and acquisition costs for the year ended December 31, 2021, were \$16.9 million compared to \$1.0 million for the year ended December 31, 2020. These costs primarily relate to professional fees associated with

the acquisition of Chiasma, which was predominantly completed during 2021. The expenses also include severance costs following the completion of the Chiasma acquisition.

***Share-Based Payment Expenses***

Non-cash share-based payment expenses for the year ended December 31, 2021, were \$8.3 million, compared to \$4.7 million in the year ended December 31, 2020. We issue share options and restricted share units as an incentive to senior management and employees. The fair value is measured at the grant date using the Black-Scholes model and amortized over the period during which the awards vest.

***Impairment charge***

There was no impairment charge recorded for the years ended December 31, 2021, and December 31, 2020.

***Non-Cash Change in Fair Value of Contingent Consideration***

We compute the fair value of the contingent consideration arising from the acquisition of Birken AG (now Amryt GmbH). The Amryt GmbH consideration relates to milestone payments of up to €35 million and royalty payments that are payable to the previous owners of Amryt GmbH, which are triggered by regulatory approvals of Oleogel-S10 for the treatment of EB from the FDA or the EMA, as well as future sales-driven milestones. The finance gain for the year ended December 31, 2021, was \$18.4 million compared to a charge of \$27.8 million for the year ended December 31, 2020. The gain in 2021 is driven by a change in the probabilities and a decrease in discount rates used in calculating the fair value of the contingent consideration. The probability chance of success, based on management's expertise and experience for orphan drugs and taking into account the unique circumstances applying to approval process of this product, was revised for the financial year ended December 31, 2021. The probability chance of success was updated following the receipt of a CRL from the FDA which asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB, and following the positive opinion adopted by the CHMP, recommending the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days. Additionally, the discount rate used in the calculation of the fair value of the contingent consideration was decreased which was due to the significant risk reduction in the Group over the last 12 months following the growth in commercial revenues, the positive top-line data on the Phase 3 EASE trial of Oleogel-S10, the positive CHMP opinion recommending the approval of Filsuvez in the EU, the addition of a third commercial product in Mycapssa, and the recent refinancing of our term debt facilities with a significant reduction in the interest rate.

***Non-Cash Contingent Value Rights Finance Expense***

We issued CVRs pursuant to which up to \$85 million may become payable to Amryt shareholders and option holders who were shareholders prior to completion of the Aegerion acquisition, if certain regulatory approval and revenue milestones are met in relation to Oleogel-S10.

The \$41.5 million non-cash CVR gain for the year ended December 31, 2021, represents the revised estimated expected cash flows and the effective interest rate unwind on amortized cost between the carrying value of the CVRs for the 12 months to the reporting date of December 31, 2021. The non-cash CVR loss for the year ended December 31, 2020, was \$12.0 million. The gain recognized in the 2021 Consolidated Statement of Comprehensive Income/(Loss) is mainly driven by changes in the expected timing of milestones being met and the related expected amount due as well as a change in the probability chance of success. Milestone payments related to the regulatory approval from the FDA and EMA have been updated to reflect the expecting timing of achieving regulatory approval and, in turn, the related amount due, which is based on a sliding scale on a linear basis from December 31, 2021, to zero if approved before July 1, 2022. The probability chance of success was updated based on management's expertise and experience for orphan drugs and taking into account the unique circumstances applying to approval process of this product, following the receipt of a CRL from the FDA, which asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB, and following the positive opinion adopted by the CHMP, recommending the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days.

### **Net Finance Expense - Other**

Other net finance expense was \$27.9 million for the year ended December 31, 2021, compared to \$19.6 million for the year ended December 31, 2020. Other net finance expense mainly relates to interest on loans and foreign exchange losses, which amounted to \$23.2 million and \$4.1 million, respectively, for the year ended December 31, 2021. Interest on loans was \$22.0 million for the year ended December 31, 2020. The increase in 2021 is mainly due to the compounding of interest on the Secured Credit Facility, where interest at 6.5% is added to the principal loan balance outstanding at each quarter. In 2020 the foreign exchange gain amounted to \$2.7 million and in both years the foreign exchange gain/(loss) primarily relates to the translation of euro and sterling-denominated net monetary amounts held by subsidiaries with a non-U.S. dollar functional currency.

### **Operating Loss and Total Comprehensive Loss**

The operating loss before finance expense for the year ended December 31, 2021, amounted to \$38.6 million (2020: \$46.5 million).

In addition to analyzing our operating results on an IFRS basis, management also reviews our results on an "Adjusted EBITDA" basis. Adjusted EBITDA is defined as net loss before income taxes, non-cash change in fair value of contingent consideration, non-cash contingent value rights finance expense, net finance expense – other, amortization expense of intangible assets, amortization of inventory fair value step-up, depreciation expense, share-based payments, and impairment charges.

The following table reconciles adjusted EBITDA to total comprehensive loss for the period attributable to the equity holders of the Company:

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) for the year attributable to equity holders of the Company	1,000	(104,527)
Income taxes	(7,562)	(1,332)
Non-cash change in fair value of contingent consideration	(18,407)	27,827
Non-cash contingent value rights (gain)/loss	(41,525)	12,004
Net finance expense – other	27,906	19,569
Amortization of inventory fair value step-up	4,417	27,617
Amortization expense - other	49,091	43,168
Depreciation expense	1,652	1,297
Share-based payments	8,341	4,729
<b>Adjusted EBITDA</b>	<b>24,913</b>	<b>30,352</b>

### **Liquidity and Capital Resources**

We had unrestricted cash and cash equivalents of \$113.0 million and \$118.6 million as at December 31, 2021, and December 31, 2020, respectively. We have financed our operations primarily through sales of our commercial products, sales of our ordinary shares and debt financing. We expect to incur significant expenses for the foreseeable future as we continue commercializing our approved products and advancing the clinical development of our product candidates. We expect that our R&D and SG&A costs will increase in connection with conducting clinical trials for our product candidates and any new product candidates we acquire or develop and due to the costs of seeking marketing approval for our product candidates in Europe, the United States and other jurisdictions.

### **Cash Flows**

The table below provides selected cash flow information for the periods indicated:

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash flow from operating activities	15,540	26,891
Net cash flow from / (used in) investing activities	106,402	(2,379)
Net cash flow (used in)/ from financing activities	(125,426)	26,028
Exchange differences and other movements	(2,282)	1,029
Net change in cash and cash equivalents	(5,766)	51,569

#### *Net Cash Flow From Operating Activities*

Net cash from operating activities was \$15.5 million for the year ended December 31, 2021, compared to net cash from operating activities of \$26.9 million for the year ended December 31, 2020. The decrease of \$11.4 million was primarily driven by the increased restructuring and acquisition costs related to the acquisition of Chiasma along with the increased scale of our business and working capital fluctuations.

#### *Net Cash Flow From / (Used in) Investing Activities*

Net cash from investing activities was \$106.4 million for the year ended December 31, 2021, and primarily related to the Chiasma cash balance of \$107.9 million, which we received in acquiring Chiasma.

Net cash used in investing activities was \$2.4 million for the year ended December 31, 2020, and primarily related to payments for property, plant and equipment and payments for intangible assets.

#### *Net Cash Flow (Used in) / From Financing Activities*

Net cash flow used in financing activities was \$125.4 million for the year ended December 31, 2021. In conjunction with the acquisition of Chiasma, we repaid US\$116.6 million of debt that was outstanding on August 5, 2021. The remaining cash outflows mainly consisted of interest paid on our Secured Credit Facility of \$5.8 million and on the Convertible Notes of \$6.3 million.

Net cash flow from financing activities was \$26.0 million for the year ended December 31, 2020. On December 8, 2020, we entered into a securities purchase agreement with several institutional accredited investors for the private placement of 3,200,000 ADSs, at a purchase price of \$12.50 per ADS, yielding gross proceeds of \$40 million and net proceeds of \$37.9 million. The private placement included new and existing investors including Stonepine Capital, LP, Aquilo Capital Management, LLC, Amati Global Investors, Athyrium Capital Management, LP and Highbridge Capital Management, among others. These cash inflows were partially offset by interest paid on our Secured Credit Facility of \$4.1 million and on the Convertible Notes of \$6.4 million.

#### *Debt Financing*

The principal debt obligations related to our \$81 million Secured Credit Facility and our Convertible Notes with an aggregate principal amount of \$125 million and the interest associated with these facilities. The Convertible Notes bear interest at a rate of 5.0% per year, payable semi-annually in arrears on 1 April and 1 October of each year, beginning on April 1, 2020. The Convertible Notes will mature on April 1, 2025, unless earlier repurchased or converted. The Secured Credit Facility had a five-year term from date of draw down and matures in 2024. Interest was payable at our option at the rate of 11% per annum paid in cash on a quarterly basis or at a rate of 6.5% paid in cash plus 6.5% paid in kind that would be paid when the principal was repaid, which rolls up and is included in the principal balance outstanding, on a quarterly basis. On February 18, 2022, the Secured Credit Facility was repaid in full, and the Group secured a \$125 million Senior Credit Facility from funds managed by the Ares of which US\$105 million was drawn down to facilitate the prepayment of the existing Secured Credit Facility. In repaying the Secured Credit Facility, Amryt incurred an exit fee of 5.00% of the outstanding principal amount as at the prepayment date. The new Secured Credit Facility has a quarterly blended cash interest rate of SOFR+5.87% (assuming the facility is fully drawn down), subject to a 0.90% SOFR floor.

### **Key Performance Indicators**

The key performance indicators for the Company are based on the overall performance of the Group.

Revenue growth is a key measure for the Group. We currently generate revenue, both product and royalty revenues, from global sales of lomitapide, metreleptin and Mycapssa®. A key focus for us is to drive revenue growth in the markets and indications that we currently sell them. We also intend to expand the market opportunity for these products – seeking approval for the use of lomitapide to treat pediatric HoFH patients, for the use of metreleptin to treat PL in the US, for Mycapssa® in Europe, and to expand the indication of Mycapssa® beyond acromegaly into carcinoid syndrome associated with neuroendocrine tumors.

Adjusted EBITDA growth is an important financial performance indicator for the Group. The positive momentum we experienced during 2019 has continued through 2020 and 2021. Most importantly, we have experienced strong revenue growth and this strong revenue performance drove our eighth consecutive quarter of positive EBITDA in Q4 2021 and generated full year operating cash flows before Chiasma deal costs of \$29.8M.

Our ability to leverage our global commercial and medical infrastructure is a key performance indicator to ensure we achieve significant synergies arising from acquisitions. This has been a key focus for the Group.

As we are currently in the pre-revenue stage for our lead development asset, Oleogel-S10, a core focus of our business is on progression of this drug candidate through the clinic and regulatory approval into an approved product for the treatment of EB. Following the positive data readout from our EASE trial, we are currently progressing regulatory submissions for Oleogel-S10 with the relevant authorities in both the US and Europe and preparing for launch, if approved. Oleogel-S10 is under review by the EMA and the FDA. On April 22, 2022, the CHMP adopted a positive opinion, recommending the approval of Filsuvez® in the European Union (EU) for the treatment of partial thickness wounds associated with dystrophic and junctional Epidermolysis Bullosa (EB) in patients six months and older. Based on this CHMP recommendation a decision by the European Commission (EC) is expected on the Filsuvez® application within 67 days of the recommendation. On February 28, 2022, we received a CRL from the FDA which asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB. Amryt intends to discuss with the FDA the nature of the data required to address the agency's concerns.

Identifying, acquiring and developing new drug candidates to build shareholder value is key to our goal of becoming a global leader in rare and orphan diseases. In 2018, the Group in-licensed our first gene therapy candidate, AP103. This patented technology which Amryt in-licensed from University College Dublin ("UCD") involves the use of a novel gene therapy delivery mechanism using HPAE polymer technology. If successful, this could eliminate the requirement for viruses as delivery vectors and therefore provides a potential competitive advantage to Amryt. In 2019, the Group completed the acquisition of Aegerion which was a transformational deal for Amryt. This acquisition diversified our portfolio comprising of two commercial rare disease products as well as a development-stage pipeline focused on rare diseases. Subsequently, in August 2021, the Group completed the acquisition of Chiasma through which the Group acquired a third commercial product, Mycapssa®. We continue to evaluate opportunities to expand our rare disease portfolio and pipeline.

### **Risks and Uncertainties**

The management of risk is a key responsibility of the Company and Board of Directors. The Board ensures that all key risks are understood and appropriately managed considering the Group's strategy and objective, and that an effective risk management process, including appropriate internal controls, is in place to identify, quantify and manage important risks.

#### *Operational Risk Management*

To effectively manage the operational risk, the Company regularly reviews progress in key activities as follows:

- The Board of Directors meets regularly and reviews operational progress against Amryt's strategy and key objectives;
- The senior management meets at least three times a month to review operational progress and, during these meetings, they identify and discuss areas of risk. If appropriate, these risks will be communicated to the Board for further discussion; and

- Commercial, clinical and other teams meet on a regular basis to review progress of all key projects. As part of these discussions, any key issues identified will be elevated for discussion with the Senior Management team and Board of Directors.

### ***Principal Risk Factors***

The Company is subject to risk factors relating to the business and operations of the Group in the healthcare industry. The following summarizes the principal risks and uncertainties of the Company, however further risk factors affecting the Group can be found in the Risk Factors section of our 20-F for the period ended December 31, 2021 at <https://www.amrytpharma.com/investors/reports/>:

#### ***Organizational Risk***

The Company is dependent on the experience and skills of the Executive and Non-Executive Directors and senior management to successfully execute its strategy. The loss of such key contributors would present a risk to the business. The ability to continue to attract and retain employees with the appropriate expertise and skills cannot be guaranteed.

#### ***Competition Risk***

The biotechnology and pharmaceutical industries are very competitive. The Company's competitors include major multinational pharmaceutical companies, biotechnology companies and research institutions. Many of its competitors have substantially greater financial, technical and other resources, such as larger research and development staff. Amryt's competitors may succeed in developing, acquiring or licensing drug product candidates that are earlier to market, more effective or less costly than any product candidate which the Group is currently developing or which it may develop and this may have a material adverse impact on the Group.

#### ***Funding Risk***

Significant funds are required to continue the development of the Company's product portfolio. There is also no certainty that it will be possible to raise any additional funds at all or on acceptable terms. Debt financing, may place restrictions on the financial operating activities of the Group and Company. If the Company is unable to obtain additional financing as required, it may be required to reduce the scope of its operations.

#### ***Strategic Risk***

Our future success will depend on our ability to implement our strategy to develop and expand our existing portfolio of drugs to treat patients with rare diseases and to create a rare disease company with a diversified offering of multiple development stage and commercial assets that can provide us with scale to support future growth. Implementing our strategy requires substantial time and resources from our management team. Our Board and management may not be able to successfully implement our strategy or other strategies to be developed by management, and implementing these strategies may not sustain or improve, and could even harm, our business, financial condition, results of operations and prospects.

#### ***Risk that we may not be successful in our efforts to build a pipeline of product candidates and develop additional marketable products***

We operate in the biopharmaceutical sector and have product candidates in various stages of clinical and preclinical development. In addition, we may continue to explore other opportunities within the sector in order to expand our present development pipeline. Industry experience indicates that there may be a very high incidence of delay or failure to produce valuable scientific results in relation to our present development pipeline. In addition, disruptions caused by the COVID-19 pandemic may increase the likelihood that we encounter such difficulties or delays in initiating, enrolling, conducting or completing our planned and ongoing clinical trials. We may not be successful in developing new products based on our scientific discoveries. We will also face the risk that in developing new products we may spend substantial sums of money and the new products developed may not effectively meet the perceived need or may not be successfully commercialized. Our ability to develop new products relies on, among other things, the recruitment of sufficiently qualified research and development partners with expertise in the biopharmaceutical sector. We may not be able to develop relationships or recruit research partners of a sufficient caliber to satisfy the rate of growth and develop our future pipeline.

## **Section 172 Statement**

From the perspective of the Directors, the matters for consideration under Section 172 of the Companies Act ("s172") have been considered to an appropriate extent by Amryt. Such consideration is included in the statements set out below, noting the Directors' duty under s172 to act in good faith to promote the success of the Company for the benefit of its shareholders but having regard amongst other matters to the following:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with customers and other stakeholders;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business and conduct; and
- the need to act fairly as between members of the Company.

For Amryt, compliance is one of the cornerstone values and forms the basis of all decisions and activities. It is the key to integrity in conducting business and as a global business. The Directors are committed to ensuring that all business is carried out in full accordance with the law as well as internal rules and principles.

## **Environmental matters**

We currently have both in-house and outsourced research, development, testing and manufacturing activities. These activities are subject to various environmental, health and safety laws and regulations. If we or our partners fail to comply with such laws and regulations, we could be subject to fines or other sanctions.

## **Energy and Carbon Reporting**

### ***Quantification and reporting methodology***

This report was compiled by Management. The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed to ensure the Streamlined Energy and Carbon Reporting ("SECR") requirements were met.

The energy data was collated using existing reporting mechanisms. These methodologies provided continuous record of electricity use. The energy data was converted to carbon emissions using the 2020 UK Government GHG Conversion Factors for Company Reporting. The associated emissions are divided into the combustion of fuels and the operation of facilities (scope 1), purchased electricity, heating and cooling (scope 2) and in-direct emissions that occur as a consequence of company activities (scope 3). During the year ended December 31, 2021, the Group only had emissions relating to Scope 1 and Scope 2.

### ***Estimations***

The total consumption for energy supplies are as follows:

	<b>2021</b>	<b>2020</b>
Consumption by the company (in KWH)	1,300,281	1,639,966
Emissions associated with the reported energy use (tCO <sub>2</sub> E)	368.48	441.38

### ***Intensity Ratio***

The chosen intensity ratio is the total gross emissions in metric tonnes CO<sub>2</sub>e (mandatory emissions) per employee.

	<b>2021</b>	<b>2020</b>
Tonnes of CO <sub>2</sub> e per employee	1.95	2.71

## **Energy Efficiency Action for the year ended December 31, 2021**

Energy efficiency is an important issue for the Group and the following actions related to reducing energy use were implemented with the current reporting period.

**Amryt Pharma plc**  
**Strategic Report**

The Group has three principal office locations – the Group HQ in Dublin, Ireland, the US HQ in Boston, USA and a manufacturing facility in Niefern, Germany. Energy consumption in 2021 continued to be low as office locations were temporarily closed in line with “work from home” guidance from Government authorities in Europe and the US. The Group has implemented a hybrid model and intends to continue operate a hybrid model going forward, reducing the number of employees in the office and therefore reducing energy consumption.

Additionally, during 2021 Amryt started a project to treat emissions coming from the extraction plant by implementing an abatement system. This will be fully implemented during 2022.

**Approval**

This strategic report was approved by the Board on May 31, 2022.

Joe Wiley  
Director



**Board of Directors**

**Ray Stafford – Non-Executive Chairman**

**Skills, Competence and Experience**

Mr. Stafford has been a director of Amryt since 2016. He has worked in the pharmaceutical industry for more than 30 years. He has served as Chairman, Chief Executive Officer and majority shareholder of the Tosara Group which owned, manufactured and marketed the successful international brand Sudocrem, and was ultimately integrated into the U.S.-based, NYSE-listed company Forest Laboratories, Inc. in 1988. Mr. Stafford held numerous senior positions within such corporations, including Chief Executive Officer of Forest UK and Ireland as well as Chief Executive Officer of Forest Laboratories Europe since 1999. Mr. Stafford retired in 2014 following the sale of Forest Laboratories, Inc. to Actavis Plc (now Allergan plc) in a \$28 billion transaction where Mr. Stafford was Executive Vice President of Global Marketing. Separately, Mr. Stafford also founded one of Ireland's current leading multi-channel sales, marketing and distribution service providers approved by the Irish Medicines Board (now, The Health Products Regulatory Authority) to service the wholesale and retail trade.

**Committee Membership**

Audit Committee (Member)

**Appointment Date**

Appointed as Non-Executive Chairman on September 24, 2019

**Dr. Joe Wiley – Chief Executive Officer**

**Skills, Competence and Experience**

Joe Wiley founded Amryt and has served as Chief Executive Officer since 2015. He has over 20 years of experience in the pharmaceutical, medical and venture capital industries. Prior to Amryt, Dr. Wiley opened and led the European office of Sofinnova Ventures Inc. He was previously a medical director at Astellas Pharma Limited. Prior to joining Astellas, he held investment roles at Spirit Capital SA, Inventages Venture Capital Investment Inc. and Aberdeen Asset Managers Private Equity Limited. Dr. Wiley trained in general medicine at Trinity College Dublin, specializing in neurology. He holds a Masters of Business Administration from INSEAD and is also a Member of the Royal College of Physicians in Ireland.

**Appointment Date**

September 24, 2019

**George P. Hampton Jr – Non-Executive Director**

**Skills, Competence and Experience**

Mr. Hampton has been a director of Amryt since 2019. He joined Currax Pharmaceuticals in April of 2019 as Chief Executive Officer and serves on its board of directors. Prior to joining Currax, Mr. Hampton served as executive vice president, primary care business unit for Horizon Pharmaceuticals (HZNP), a public biopharmaceutical company. In this role he was tasked with leading the company's forward-looking strategy, as well as establishing operational goals for the business. Previously, Mr. Hampton served as executive vice president, global orphan business unit and international operations for Horizon Pharmaceuticals. He has more than 25 years of experience as a successful executive in the pharmaceutical and biotechnology field on both a national and international scale including specific expertise in rare disease (ACTIMMUNE, RAVICTI, PROCYSBI), autoimmune (HUMIRA), primary care, orthopedic (CELEBREX), diabetes (BYETTA), anti-infectives and cardiovascular spaces. This includes roles of increasing responsibility in sales, marketing and operations at G.D. Searle, Abbott (now AbbVie), Amylin and Horizon Pharmaceuticals. Mr. Hampton earned his Bachelor of Science from Miami University in Oxford, Ohio. He previously served on the board of IMAC (Nasdaq: IMAC) regeneration medical centers.

**Committee Membership**

Remuneration Committee (Chairman)

**Appointment Date**

September 24, 2019

**Raj Kannan – Non-Executive Director**

**Skills, Competence and Experience**

Mr. Kannan was appointed Chief Executive Officer of Chiasma, Inc. in June 2019. On August 6, 2021, Mr. Kannan resigned as Chief Executive Officer of Chiasma and joined the board of Amryt as a Non-Executive Director. Mr. Kannan is the CEO of Aerie Pharmaceuticals. He has over 25 years of experience leading and developing companies. He has effectively led and grown organizations and supported multiple successful launches across therapeutic areas in the U.S. and globally. Prior to joining Aerie, Mr. Kannan was Chief Executive Officer and President of Chiasma, Inc., where he led the organization through the approval and the launch of the first oral therapy in over a decade for patients with acromegaly and subsequently through the acquisition by Amryt Pharma Plc. Before that, Mr. Kannan was Chief Commercial Officer at Kiniksa Pharmaceuticals, Ltd. (“Kiniksa”), where he built the commercial operations, including sales, marketing, and business analytics functions. Prior to Kiniksa, he served as the Global Head of the Neurology and Immunology business franchise at Merck KGaA, where he was responsible for transforming the largest franchise into a growth franchise with \$2 billion in annual revenues through significant strategic shifts in investment to support new product introductions and through recalibration of pipeline investments. Before that, Mr. Kannan spent 10 years at Boehringer Ingelheim International GmbH in the U.S., Canada, and in Germany, including as Global Marketing Head of the Cardiovascular Franchise, where he was responsible for more than \$3.5 billion in annual revenues.

**Appointment Date**

August 5, 2021

**Dr. Roni Mamluk – Non-Executive Director**

**Skills, Competence and Experience**

Dr. Mamluk, Ph.D. joined the Board of Directors of Chiasma, Inc. in June 2017. On August 6, 2021, Dr. Mamluk resigned as a non-executive director of Chiasma and joined the board of Amryt as a Non-Executive Director. Dr. Mamluk currently serves as President and Chief Executive Officer of Ayala Pharmaceuticals, Inc., a clinical-stage biopharmaceutical company dedicated to developing targeted cancer therapies for people living with genetically defined cancers, and serves on its board of directors. She joined Chiasma in 2006 and led the creation of its TPE technology and subsequently Mycapssa® development. Dr. Mamluk fulfilled multiple roles at Chiasma including Chief Development Officer from March 2015 to March 2017, Chief Executive Officer from April 2013 to March 2015 and held various roles in the Company from 2006 to April 2013, including Chief Operating Officer and Vice President, Research and Development. Prior to joining Chiasma, Dr. Mamluk led nonclinical research and development at Adnexus Therapeutics, Inc. Dr. Mamluk received her B.A. and Ph.D. from the Hebrew University. She completed her post-doctoral fellowship at Children’s Hospital/Harvard Medical School in the field of angiogenesis.

**Appointment Date**

August 5, 2021

**Dr. Alain H. Munoz – Non-Executive Director**

**Skills, Competence and Experience**

Dr. Munoz has been a Director of Amryt since 2019. He is an entrepreneur and independent management consultant in the pharmaceutical and biotechnology industry and has over 30 years of experience in the industry at the executive level. Dr. Munoz worked with the Fournier Group as Research and Development director and thereafter as Senior Vice President of the Pharmaceutical Division. Prior to serving at Fournier, he served at Sanofi Group, first as director in the cardiovascular and anti-thrombotic products department, and thereafter as Vice President of international development. Dr. Munoz is qualified in cardiology and anesthesiology from the University Hospital of Montpellier, France where he was head of the clinical cardiology department. He has been a member of the Scientific Committee of the French drug agency and Chairman of the Board of Hybrigenics SA and Novagali Pharma acquired by Santen Pharmaceuticals. He presently is an independent board member of Auris Medical Holding AG (Nasdaq: EARS), Zealand Pharma A/S (Nasdaq: ZEAL) and Chairman of Acticor-biotech (Euronext: ALACT.PA). Mr. Munoz received an undergraduate degree from International Institute for Management Development, a doctorate from the University of Montpellier and a graduate degree from Centre Hospitalier Universitaire Pitie-Salpetriere.

**Committee Membership**

Remuneration Committee (Member)

**Appointment Date**

September 24, 2019

**Donald K. Stern – Non-Executive Director**

**Skills, Competence and Experience**

Mr. Stern has been a Director of Amryt since 2019. He was previously a director of Novelion, Aegerion's former parent company, and was a member of Aegerion's board of directors from September 2015 to October 2016. Mr. Stern serves as Managing Director of Corporate Monitoring & Consulting Services at Affiliated Monitors, Inc., a consulting firm providing independent integrity monitoring services and compliance services across a wide range of regulated industries and professions. He is also Of Counsel to the Boston law firm of Yurko Partners, P.C.. He has had a diverse and distinguished legal career, split between private practice and public service. Prior to joining Affiliated Monitors, Inc., Mr. Stern was a partner at three major law firms: Cooley LLP, Bingham McCutchen LLP and Hale & Dorr LLP (now Wilmer Cutler Pickering Hale and Dorr LLP). Mr. Stern also served as the U.S. Attorney for the District of Massachusetts, the Chief Legal Counsel to Governor Michael S. Dukakis and the Chief of the Government Bureau in the Massachusetts Attorney General's office. Mr. Stern holds a Masters in Laws from University of Pennsylvania Law School, a Juris Doctor degree from Georgetown University Law Center and a Bachelor of Arts from Hobart College.

**Committee Membership**

Compliance Committee (Chair)

Audit Committee (Member)

**Appointment Date**

September 24, 2019

**Dr. Patrick V.J.J. Vink– Non-Executive Director**

**Skills, Competence and Experience**

Dr. Vink has been a Director of Amryt since 2019. He has significant experience as a senior executive, having worked in the pharmaceutical industry for more than 30 years. Dr. Vink serves as Chairman at BiognoSys AG, a privately held proteomics company in Switzerland. Dr. Vink also serves as Chairman of venture capital-backed NMD Pharma, a neurology biopharmaceutical company in Denmark and F2G Ltd, a rare fungal disease UK and Austria based company. In addition, Dr. Vink is a board member at Santhera AG and Spero Therapeutics, Inc. and in 2019 began working with Athyrium as a Senior Advisor. While serving in these capacities, Dr. Vink has been involved in initial public listings and geographic expansions and has contributed to the achievement of significant development and commercial milestones. Earlier in his career he held several leadership positions across the industry, including Head of Global Biopharmaceuticals for the Sandoz division of the Novartis Group, Vice President International Business for Biogen Inc., and Head of Worldwide Marketing, Cardiovascular and Thrombosis at Sanofi-Synthelabo Ltd. Dr. Vink also served as a member of the Executive Committee of the European Federation of Pharmaceutical Industries and Associations from 2013 to 2015. Dr. Vink graduated as a medical doctor from the University of Leiden, Netherlands in 1988 and obtained his Masters of Business Administration in 1992 at the University of Rochester.

**Committee Membership**

Compliance Committee (Member)

**Appointment Date**

September 24, 2019

**Stephen T. Wills – Non-Executive Director**

**Skills, Competence and Experience**

Mr. Wills became a Director of Amryt in 2019. He currently serves as the Chief Financial Officer (since 1997), and Chief Operating Officer (since 2011) of Palatin Technologies, Inc. (NYSE: PTN), a biopharmaceutical company developing targeted, receptor-specific peptide therapeutics for the treatment of diseases with significant unmet medical need and commercial potential. Mr. Wills serves as Chief Financial Officer of Cactus Acquisition Corp (Nasdaq: CCTS), a Special Purpose Acquisition Company (SPAC). Mr. Wills serves on the boards of directors of MediWound Ltd. (Nasdaq: MDWD), a biopharmaceutical company focused on treatment in the fields of severe burns, chronic and other hard to heal wounds, since April 2017, and as Chairman since January 2018, and of Gamida Cell Ltd. (Nasdaq: GMDA), a leading cellular and immune therapeutics company, since March 2019 (audit chair and compensation and finance committee member). Mr. Wills also has served on the board of trustees and executive committee of The Hun School of Princeton, a college preparatory day and boarding school, since 2013, and its Chairman since June 2018. Mr. Wills served on the board of directors of Caliper Corporation, a psychological assessment and talent development company, since March 2016, and as Chairman from December 2016 to December 2019, when Caliper was acquired by PSI. Mr. Wills served as Executive Chairman and Interim Principal Executive Officer of Derma Sciences, Inc., a provider of advanced wound care products, from December 2015 to February 2017, when Derma Sciences was acquired by Integra Lifesciences (Nasdaq: IART). Previously, Mr. Wills served on the board of directors of Derma Sciences as the lead director and chairman of the audit committee from June 2000 to December 2015. Mr. Wills served as the Chief Financial Officer of Derma Sciences from 1997 to 2000. Mr. Wills served as the President and Chief Operating Officer of Wills, Owens & Baker, P.C., a public accounting firm, from 1991 to 2000. Mr. Wills, a certified public accountant, earned his Bachelor of Science in accounting from West Chester University, and a Master of Science in taxation from Temple University.

**Committee Membership**

Audit Committee (Chair)

Compliance Committee (Member)

Remuneration Committee (Member)

**Appointment Date**

September 24, 2019

**Dear Shareholder,**

I am pleased to present the Amryt Pharma plc Corporate Governance Report for the year ended December 31, 2021.

The Corporate Governance report contains details of Amryt's governance structures and highlights areas of focus for the Board and its Committees during the period. Your Board remains committed to high standards of governance across Amryt, in line with our core values of excellence and integrity in all that we do.

This is my third year as Non-Executive Chairman of Amryt where my responsibilities include articulating my role and demonstrating my responsibility for corporate governance and identifying any key governance related matters that have occurred during the period under review.

I accept these responsibilities and aim to discharge them diligently.

***Culture & Strategy***

The Board sets the tone and shared values for the way in which Amryt operates. Our culture is underpinned by a robust risk management framework consisting of policies, procedures and tasks, including a Code of Conduct which defines business conduct standards for anyone working for, or on behalf of, Amryt. Given the importance of culture to the success of our business model, the Board will continue to assess and monitor Amryt's culture to ensure that it is aligned with our strategy and values and is adequately embedded across Amryt's global team.

I am committed to fostering a well governed and effective Board to support the delivery of Amryt's strategic priorities. The Board is very clear on its responsibility to ensure Amryt is capable of delivering on its strategic objectives. We operate with due regard to the interests of all our stakeholders and are aware of the potential impact of our decisions upon them. Having a clearly defined strategy, a robust governance structure and a culture to guide our values and behaviors remains a priority for the Board and in the following pages we explain our approach to governance and how we fulfil our responsibility to ensure that robust governance practices are embedded in every aspect of our business.

***Board Composition***

On an ongoing basis, I seek to ensure we have the right balance of skills, knowledge and experience on the Board, taking into account our business model, the specific sector in which we operate, the growth in scale of Amryt and our geographic expansion.

Our CEO, Dr. Joe Wiley, is the only Executive Director on the Board. The biographies of all the Directors are outlined in pages 16-19 of this annual report for the year ended December 31, 2021. The Board consists of nine members and is weighted towards non-executive representation to ensure the appropriate level of independent review, scrutiny and challenge of the management and the executive function.

I am confident that we have the appropriate balance of sector, financial and public market skills and experience and the appropriate balance of personal qualities and capabilities to execute our duties as a board effectively. I recognize the need for continuous improvement in order to best serve our stakeholders and intend to constantly review the mix of skills and experience we possess in order to deliver the Company's strategic goals.

***Board Committees***

The Board has three standing committees: an Audit Committee, a Remuneration Committee and a Compliance Committee. You will find, on pages 23 to 24, individual reports giving details of their activities during the period.

***ESG responsibility***

The Board recognizes the importance of environmental, social and governance matters and aims to consider the differing interests of Amryt's stakeholders, including its investors, employees, suppliers and business partners, when operating its business.

***Stakeholder Engagement***

In order to operate effectively companies must understand those resources and relationships that matter most to their success. Amryt's stakeholders include shareholders, employees, customers, healthcare providers, clinicians, patients, suppliers and the community in which it operates. The Board will seek to ensure effective engagement with all stakeholders.

The Board welcomes continuous, open and meaningful discussion with our shareholders and I welcome direct contact and questions from shareholders either in writing or via our website.

Finally, I would like to thank my colleagues on the Board and all the Amryt team for their continued support, commitment, challenge and passion for our business. I look forward to meeting shareholders at our 2021 Annual General Meeting ("AGM"), which will be held on June 30, 2022.

Ray Stafford  
Non-Executive Chairman  
May 31, 2022

## **Chairman's Corporate Governance Overview**

### **The Board**

The Board is responsible for the overall governance of Amryt. The Board comprises of one Executive Director and eight Non-executive Directors, including the Chairman, as detailed on pages 16 – 19. The Board believe the current split of Non-Executive and Executive Directors is appropriate for the requirements of Amryt. The Company acknowledges that the Board is weighted towards independent Non-Executive representation. This is to ensure that there is appropriate independent review, scrutiny, and challenge of the management of the Company and the executive function.

The Board has determined that eight of its nine Directors, Raymond Stafford, Stephen Wills, Donald Stern, George Hampton, Patrick Vink, Alain Munoz, Raj Kannan and Dr. Roni Mamluk do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of Director and that each of these Directors is "independent" as that term is defined under the rules of the Nasdaq.

As required under the Nasdaq listing standards, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by the board of directors. Our Board of Directors consults with counsel to ensure that the board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in the applicable Nasdaq listing standards, as in effect from time to time. Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and our company, our senior management and our independent registered public accounting firm, the board of directors affirmatively determined that all of our current Directors are independent directors within the meaning of the applicable Nasdaq listing standards, except that Dr. Joe Wiley, our Chief Executive Officer, is not independent by virtue of his employment with our company. In addition, our Board of Directors has determined that each member of the audit committee, compensation committee and compliance committee meets the applicable Nasdaq and SEC rules and regulations regarding "independence" and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the company.

As the business develops, the composition of the Board will remain under review to ensure that it remains appropriate to the requirements of Amryt. As per the articles of the company one third of the directors of the Company are put up for re-election on an annual basis. For so long as each of the Athyrium Parties or the Highbridge Parties (or their respective affiliates) respectively hold at least 10% of our issued share capital, the Athyrium Parties and the Highbridge Parties (as applicable) are each entitled to nominate a replacement of the non-independent director (as applicable) selected by them on his or her resignation or retirement. Any such director shall serve on the Board until our next annual general meeting, where such director's appointment will be subject to approval by an ordinary resolution of our shareholders. No director has been nominated by Highbridge since the acquisition of Aegerion in September 2019.

The Board has a formal schedule of matters reserved for its consideration. It is responsible for:

- setting the overall Group strategy and providing leadership to implement the strategy and supervising the management of the business;
- the acquisition or disposal of material corporate entities or assets;
- public announcements (including statutory financial statements); approving or making significant changes in accounting policy, the capital structure and dividend policy of the Company;
- Group remuneration policy; and
- Board structure, composition and succession.

The Board delegates to management in the subsidiary companies, through the Executive Director, the overall responsibility for performance of Amryt, which is conducted principally through the setting of clear objectives and monitoring of performance against those objectives. The Board is structured so that no one individual or group dominates the decision-making process.

### **Board Responsibilities**

To ensure that the Board operates efficiently and effectively, the Directors and Secretary have certain responsibilities in line with their roles:

#### ***Non-Executive Chairman***

- Leads the Board and promotes a culture of open discussion between Executive and Non-Executive Directors;
- Sets the highest standards of corporate governance; and
- Ensures effective communications with all our stakeholders.

#### ***Executive Director***

- Develop and execute Amryt's strategy in line with the policies and objectives agreed by the Board;
- Manage operational effectiveness and profitability of Amryt;
- Promotes the purpose, vision and values of the organization, both internally and externally; and
- Monitor compliance with Amryt's legal, regulatory, corporate governance, social and ethical responsibilities.

#### ***Non-Executive Directors***

- Contribute to the overall development of Amryt's strategy;
- Provide independent insight based on relevant experience; and
- Monitor and challenge the business performance and the execution of strategy.

#### ***Company Secretary***

- Ensures correct Board procedures are followed;
- Ensures Directors receive timely and clear information so that Directors are equipped for informed decision making and open debate;
- Advises the Board on policy, procedure and governance; and,
- If necessary, coordinates access to independent professional advice for Directors.

### **Performance evaluation**

The Board recognizes the need to regularly review the effectiveness of its performance as well as that of its committees and individual Directors. The Board continues to monitor the skills and experience of each Director as well as the overall performance of the Board.

### **Board Committees**

The Company has an Audit Committee, Remuneration Committee and Compliance Committee with formally delegated duties and responsibilities. The composition of these committees may change over time as the composition of the Board changes.

- Remuneration Committee: Chairman - George Hampton
- Audit Committee: Chairman - Steven Wills
- Compliance Committee: Chairman - Donald Stern

Given the significant number of Non-Executive Directors on the Board with only a single Executive Director, the Board has not established a Nominations Committee. Instead, the whole Board considers matters of nomination and succession. The Board follows a robust process for the appointment of new Board members to identify the skills, experience, personal qualities and capabilities required for the next stage of the Company's development. The Board also monitors succession plans and possible internal candidates for future Board roles.

#### ***Remuneration Committee***

The Remuneration Committee has responsibility for the determination of specific remuneration packages for each of the Executive Directors, including pension rights and any compensation payments, and recommending and monitoring the level and structure of remuneration for senior management, the implementation of the employee share option plan and other performance related schemes. It meets at least twice a year.

The responsibilities of the remuneration committee covered in its terms of reference include the following: determining and monitoring policy on and setting levels of remuneration, termination, performance related pay,



pension arrangements, reporting and disclosure, share incentive plans and appointing remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its responsibilities.

The Remuneration Committee comprises three members, who are all Non-Executive Directors: George Hampton, Dr. Alain Munoz and Stephen Wills. The Remuneration Committee is chaired by George Hampton.

#### **Policy on Executive Directors and Senior Management Remuneration**

When determining the Board policy for remuneration, the Committee considers all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of this policy is to help attract, retain and motivate the Executive and Senior Management of Amryt without paying more than necessary. The remuneration policy bears in mind Amryt's appetite for risk and is aligned to Amryt's long-term strategic goals. A significant proportion of remuneration is structured to link rewards to corporate and individual performance and is designed to promote the long-term success of Amryt.

#### **Audit Committee**

The audit committee of the Company has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of Amryt and the involvement of Amryt's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal audit, external audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors and advising on the appointment of external auditors. The audit committee will meet at least four times a year at the appropriate times in the financial reporting and audit cycle.

The terms of reference of the audit committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend meetings. The responsibilities of the audit committee covered in its terms of reference include the following: external audit, financial reporting, internal controls and risk management. The terms of reference also set out the authority of the committee to carry out its responsibilities.

The Audit Committee comprises of three members, who are all Non-Executive Directors: Stephen Wills, Donald Stern and Ray Stafford. The Audit Committee is chaired by Stephen Wills.

#### **Internal Controls and Financial Risk Management**

The Directors are responsible for Amryt's system of internal controls, the setting of appropriate policies on these controls, and regular assurance that the system is functioning effectively and that it is effective in managing business risk. Principal risk and uncertainties are discussed in the Strategic Report and financial risk management objectives and policies are detailed in note 24 of the Notes to the Financial Statements.

The Audit Committee monitors Amryt's internal control procedures, reviews the internal control process and risk management procedures and reports its conclusions and recommendations to the Board.

#### **Compliance Committee**

Amryt established a Compliance Committee in 2019. This Committee has responsibility for overseeing Amryt's compliance with laws, regulations, internal procedures and industry standards that may cause significant business, regulatory, or reputational damage to Amryt, as well as legal and business trends and public policy issues. The primary function of the Compliance Committee is to oversee the development and implementation of compliance and ethics policies and practices at Amryt. The Compliance Committee comprises three members, Donald Stern, Patrick Vink and Stephen Wills, all of whom are Non-Executive Directors and the committee is chaired by Donald Stern.

#### **Employees**

Amryt's future success depends on the ability to recruit and retain key employees. Our employee base includes key people in strategic areas including in commercial and medical affairs as we continue to grow our commercial business as well as in clinical and regulatory as we move our development candidates forward.

To date, we have been fortunate to attract and retain highly experienced individuals in sales and marketing, medical affairs, clinical development, clinical operations, regulatory, finance, legal, supply chain, pharmacovigilance and quality assurance, supporting them with exceptional leadership at the executive and Board level.

At December 31, 2021, we have eight employees in the Company, all Non-Executive Directors. The Executive Director is employed by a subsidiary company, Amryt Pharmaceuticals Inc. At December 31, 2021, the Group had 288 full time employees, one Executive Director and eight Non-Executive Directors, spread across Ireland, US and multiple locations in EMEA and LATAM.

#### *Diversity and human rights*

The Board recognizes its legal responsibility to ensure the well-being, safety and welfare of the Company's employees and maintain a safe and healthy working environment for them and for our visitors. Amryt is fully committed to ensuring that there is no unfair discrimination and stresses the importance in the value that a diverse workforce brings to the organization. Amryt aims not to discriminate because of age, disability, sex or sexual orientation, race, religion or belief. This is captured in our Code of Conduct, which all employees are encouraged to read on an annual basis. All employees also have access to a dedicated whistleblowing hotline. Amryt continues to monitor policies to ensure that they promote a healthy corporate culture.

A breakdown of employees, excluding the CEO, by gender as at December 31, 2021 is as follows:

Position	Female	Male	Gender Neutral	Total
Executive leadership/ Senior leadership	15	10	-	25
Employees	162	99	3	263
<b>Total</b>	<b>177</b>	<b>109</b>	<b>3</b>	<b>289</b>

A breakdown of the Director (CEO) and Non-Executive Directors by gender and disclosure on diverse demographic backgrounds as at December 31, 2021 is as follows:

Position	Female	Male	Gender Neutral	Total
<b>Gender</b>				
Director and Non-Executive Directors	1	8	-	9
<b>Demographic background</b>				
Underrepresented Individual in Home Country Jurisdiction	-	1	-	1

The executive leadership/ senior leadership management consist of those in senior leadership roles with responsibility for the strategic planning, direction and management of the day-to-day activities of the Group.

#### **Risk Management & Treasury Policy**

The Board considers risk assessment to be important in achieving its strategic objectives, with the Board regularly reviewing its projects and activities in this regard. Amryt finances its operations through equity, debt funding and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are considered and approved by the Board.

#### **Securities Trading**

The Board has adopted a Share Dealing Code that applies to Directors, Senior Management and any Employee who is in possession of "inside information". All such persons are prohibited from trading in Amryt's securities if they are in possession of "inside information". Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

**Directors' Remuneration Report – annual statement**

Dear Shareholders,

On behalf of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the period ended December 31, 2021. We are required to prepare a Directors' Remuneration Report following the Company's listing on the NASDAQ Global Market in 2020 and given our UK incorporation. The Directors' Remuneration Report will be subject to an advisory vote at the forthcoming Annual General Meeting ("AGM") on June 30, 2022. The Directors Remuneration Report included in this Annual Report is outside the scope of the audit report on page 38.

The current Directors' Remuneration Policy was approved by shareholders at the general meeting on March 2, 2022. The Policy took formal effect from the date of approval and the policy will formally apply for three years beginning on the date of approval unless a new policy is presented to shareholders in the interim. The full shareholder approved Policy can be found in the Annual Report for the period ended December 31, 2020. The Directors' Remuneration Policy applies to the Executive Director and the Non-Executive Directors appointed to the Board of Directors. Currently, our Chief Executive Officer, Joe Wiley, is the only Executive Director on the Board. All other Board Directors are Non-Executive Directors. Following approval, all payments to Directors will be consistent with the approved policy.

The Committee always seeks to ensure that the remuneration of our Executive Director reflects the underlying performance of the business. When approving outcomes, we therefore considered performance against our financial and strategic targets along with wider business and individual performance.

***Remuneration Review for the period ended December 31, 2021***

Our Executive Director is an employee of a subsidiary Company, Amryt Pharmaceuticals Inc. His remuneration expenses are captured in the books of this subsidiary. The Executive Director received an increase in base salary of 3% on January 1, 2020, and a further 3% to \$731,490 on January 1, 2021.

Details of the fees paid to members of the Non-Executive Board are set out on page 28.

***Annual Bonus Plan***

The amount of annual bonus paid to the Executive Director is considered in the context of financial, strategic and personal performance for each 12-month period covering January to December. The Committee recommends to the Board the level of bonuses to be paid to the Executive Director and employees of the Amryt Group, following a review of performance against bonus objectives covering each calendar year. An estimate for bonus was accrued in the subsidiary accounts each month during 2020 and 2021. At the end of 2021 the Board accepted the recommendation of the Committee, and such amounts were paid in early 2022.

***Long Term Incentive Plan (LTIP)***

The Committee want to ensure that all LTIP metrics and targets remain suitable and aligned with our growth strategy and appropriately incentivize participants. The Committee has been working with its external compensation consultant, Radford (part of Aon plc) over the course of the period to prepare an equity strategy which is deemed suitable for the NASDAQ listed company. Radford has recommended participation rates for Amryt based on market data and observed international practices. Radford, a highly reputable external third-party advisor, was appointed by the Remuneration Committee to ensure that any advice received in terms of remuneration was objective and independent.

***Conclusion***

The Committee remains committed to a responsible approach to Executive remuneration, as I trust this Directors' Remuneration Report demonstrates. We continue to believe that the Policy provides a remuneration philosophy that encourages both Executive and Non-Executive Directors to serve in the best interests of the Company and to support the delivery of value to shareholders in the future.

As always, I am happy to meet or speak with shareholders if there are any questions or feedback on our approach to executive remuneration.

Yours sincerely,

George Hampton  
Chair of the Remuneration Committee

## Remuneration Report

### Directors' remuneration

The Directors received the following remuneration for the year December 31, 2021:

	Salary / Fees \$'000	Bonus \$'000	Employer Pension \$'000	Equity awards <sup>1</sup> \$'000	Other Benefits \$'000	2021 Total \$'000	Fixed remuneration \$'000	Variable remuneration \$'000
Ray Stafford	88	—	—	84	—	172	88	84
Joe Wiley	747	728	71	1,759	174	3,479	818	2,661
George Hampton	65	—	—	84	—	149	65	84
Raj Kannan	20	—	—	395	—	415	20	395
Roni Mamluk	20	—	—	114	—	134	20	114
Alain Munoz	58	—	—	84	—	142	58	84
Donald Stern	80	—	—	84	—	164	80	84
Patrick Vink	60	—	—	84	—	144	60	84
Stephen Wills	88	—	—	84	—	172	88	84
<b>TOTAL</b>	<b>1,226</b>	<b>728</b>	<b>71</b>	<b>2,772</b>	<b>174</b>	<b>4,971</b>	<b>1,297</b>	<b>3,674</b>

The Directors received the following remuneration for the year December 31, 2020:

	Salary / Fees \$'000	Bonus \$'000	Employer Pension \$'000	Equity awards <sup>1</sup> \$'000	Other Benefits \$'000	2020 Total \$'000	Fixed remuneration \$'000	Variable remuneration \$'000
Ray Stafford	88	—	—	110	—	198	88	110
Joe Wiley	727	739	71	—	182	1,719	798	921
George Hampton	65	—	—	110	—	175	65	110
Alain Munoz	58	—	—	110	—	168	58	110
Donald Stern	80	—	—	110	—	190	80	110
Patrick Vink	60	—	—	110	—	170	60	110
Stephen Wills	88	—	—	110	—	198	88	110
<b>TOTAL</b>	<b>1,166</b>	<b>739</b>	<b>71</b>	<b>660</b>	<b>182</b>	<b>2,818</b>	<b>1,652</b>	<b>1,581</b>

Fixed remuneration consists of salary/ fees and employer pension. Variable remuneration consists of bonus, equity awards and other benefits.

<sup>1</sup>The equity awards granted to the Executive Director and Non-Executive Directors in the period is the grant date fair value as computed in accordance with IFRS 2 (Share Based Payments) using a Black-Scholes option pricing model.

### Annual performance bonus

The Company has a bonus plan in place for the Executive Director and all employees. Bonus amounts are set as a percentage of base salary based on performance-based measures against personal and Company-wide target objectives. Bonus payments for the Executive Director are a percentage of base salary, based on performance-based measures against Company-wide target objectives.

The annual performance bonus is based on performance against target in any calendar year. Specific details of the actual Company-wide target objectives are considered commercially sensitive and therefore not disclosed in detail. However, the principal factors leading to the payment of the stretch bonus included the following:

- Revenue growth
- EBITDA performance
- Cash balance
- Working Capital
- Non financial metrics relating to research and development and commercial milestones

### Long term incentive awards during the financial year

Directors may be granted long-term incentive awards at the discretion of the Remuneration Committee. In accordance with the Remuneration Policy, the vesting of awards was set by the Remuneration Committee with the objective of aligning long-term employee interests with those of shareholders and providing a competitive remuneration structure that attracts, incentivizes and retains all employees in the key markets in which the Company operates.

During the year ended December 31, 2021, a total of 7,261,725 share options were granted to Directors of the Company. Joseph Wiley was granted a total of 2,031,350 share options, a total of 220,000 share options were granted to each of Dr. Roni Mamluk and Raj Kannan and a total of 110,000 share options were granted to each of Raymond T. Stafford, George P.

**Amryt Pharma plc**  
**Directors' Remuneration Report**

Hampton, Jr., Dr. Alain H. Munoz, Donald K. Stern, Dr. Patrick V.J.J. Vink and Stephen T. Wills. Additionally, a total of 1,160,380 and 2,969,995 stock options were issued by Amryt to replace Chiasma stock options held by Dr. Roni Mamluk and Raj Kannan, respectively.

All awards granted under the Equity Incentive Plan are subject to a service condition and may be exercised at any time between the relevant vesting date and the seventh anniversary of the date of grant. Awards which are not exercised by the end of the seven-year anniversary from the grant date will lapse permanently. The exercise price of all options granted during the period was the market value of the shares upon closing on the day before the grant. Neither the Executive Director or any of the Non- Executive Directors exercised any options in the period and no awards lapsed during the period to December 31, 2021.

**Payments to past Directors**

There were no payments made by the Company to past Directors during the period ended December 31, 2021.

**Payments for loss of office**

There were no payments made to Directors for loss of office during the period ended December 31, 2021.

**Directors' service contracts and letters of appointment**

The dates of appointment of each of the Non-Executive Directors serving at December 31, 2021, are summarized in the table below:

<b>Non- Executive Director</b>	<b>Date of appointment</b>
Ray Stafford <sup>1</sup>	September 24, 2019
George Hampton	September 24, 2019
Alain Munoz	September 24, 2019
Donald Stern	September 24, 2019
Patrick Vink	September 24, 2019
Stephen Wills	September 24, 2019
Raj Kannan	August 5, 2021
Rony Mamluk	August 5, 2021

<sup>1</sup> Ray Stafford was appointed Non-Executive Chairman of Amryt Pharma plc (Company number: 12107859) on September 24, 2019. Prior to this date, Ray was a Non-Executive Director of Amryt Pharma Holdings Limited (Company numbers: 05316808 and previously named Amryt Pharma plc until September 24, 2019) since April 2016.

**Statement of Directors' shareholdings and share interests**

The table below sets out, as at December 31, 2021, the beneficial interest in the Company's shares of the Directors (together with interests held by his or her connected persons). In addition, the table below also sets out the total number of options held by Directors which are vested but not yet exercised and the total number of options held by Directors which are unvested.

**Amryt Pharma plc**  
**Directors' Remuneration Report**

Director	Beneficially owned A ordinary shares	Number of options vested not yet exercised <sup>1</sup>	Number of options unvested <sup>1</sup>
<b>Executive</b>			
Joe Wiley	3,507,080	3,390,490	5,078,320
<b>Non-Executive</b>			
Ray Stafford	1,913,601	55,000	275,000
George Hampton	—	55,000	275,000
Alain Munoz	—	55,000	275,000
Donald Stern	—	55,000	275,000
Patrick Vink	—	55,000	275,000
Stephen Wills	—	55,000	275,000
Raj Kannan	—	1,503,550	1,686,445
Roni Mamluk	—	1,160,380	220,000

<sup>1</sup> Amryt shares trade as ADSs on NASDAQ, each ADS representing five Amryt ordinary shares. All equity incentives granted are in the form of ordinary shares. Share option exercise prices are the exercise price per ordinary share. The ADS equivalent exercise price will be the ordinary share exercise price multiplied by five and the number of ADSs will be the number of ordinary shares divided by five.

The Company does not have a formal policy on Executive or Non-Executive Director shareholdings.

As at December 31, 2021, no unvested equity incentive awards are subject to performance conditions. The table below shows the interests of the Directors in the Company's share options as at December 31, 2021:

Director	Number of options granted <sup>1</sup>	Exercise Price <sup>1</sup>	Grant Date	Expiry Date	Vesting period
Joe Wiley	343,521	£1.21	November 28, 2017	November 28, 2024	Three years from grant date <sup>3</sup>
Joe Wiley	316,039	£0.76	May 21, 2019	May 21, 2026	Three years from grant date <sup>3</sup>
Joe Wiley	5,777,900	£1.22	November 5, 2019	November 5, 2026	Three years from grant date <sup>3</sup>
Joe Wiley	2,031,350	\$2.804	March 8, 2021	March 8, 2028	Three years from grant date <sup>3</sup>
Ray Stafford	220,000	US\$2.25	July 9, 2020	July 9, 2027	Three years from grant date <sup>3</sup>
Ray Stafford	110,000	US\$2.04	August 9, 2021	August 9, 2028	May 31, 2022
George Hampton	220,000	US\$2.25	July 9, 2020	July 9, 2027	Three years from grant date <sup>3</sup>
George Hampton	110,000	US\$2.04	August 9, 2021	August 9, 2028	May 31, 2022
Alain Munoz	220,000	US\$2.25	July 9, 2020	July 9, 2027	Three years from grant date <sup>3</sup>
Alain Munoz	110,000	US\$2.04	August 9, 2021	August 9, 2028	May 31, 2022
Donald Stern	220,000	US\$2.25	July 9, 2020	July 9, 2027	Three years from grant date <sup>3</sup>
Donald Stern	110,000	US\$2.04	August 9, 2021	August 9, 2028	May 31, 2022
Patrick Vink	220,000	US\$2.25	July 9, 2020	July 9, 2027	Three years from grant date <sup>3</sup>
Patrick Vink	110,000	US\$2.04	August 9, 2021	August 9, 2028	May 31, 2022
Stephen Wills	220,000	US\$2.25	July 9, 2020	July 9, 2027	Three years from grant date <sup>3</sup>
Stephen Wills	110,000	US\$2.04	August 9, 2021	August 9, 2028	May 31, 2022
Raj Kannan <sup>2</sup>	2,969,995	\$2.30 - \$4.08	June 17, 2020 - February 8, 2021	June 17, 2030 - February 8, 2031	Various vesting periods <sup>2</sup>
Raj Kannan	220,000	US\$2.04	August 9, 2021	August 9, 2028	Three years from grant date <sup>3</sup>
Roni Mamluk <sup>2</sup>	1,160,380	\$0.68 - \$5.02	November 14, 2014 - June 10, 2020	November 14, 2024 - June 10, 2030	Various vesting periods <sup>2</sup>
Roni Mamluk	220,000	US\$2.14	September 14, 2021	September 14, 2028	Three years from grant date <sup>3</sup>

<sup>1</sup> Amryt shares trade as ADSs on NASDAQ, each ADS representing five Amryt ordinary shares. All equity incentives granted are in the form of ordinary shares. Share option exercise prices are the exercise price per ordinary share. The ADS equivalent exercise price will be the ordinary share exercise price multiplied by five and the number of ADSs will be the number of ordinary shares divided by five.

<sup>2</sup> When Amryt acquired Chiasma in August 2021, the Chiasma Stock Option and Incentive Plan transferred across to Amryt. Each outstanding and unexercised Chiasma Stock Option or RSU, whether vested or not vested, ceased to represent a right to acquire shares of Chiasma common stock and were converted into an option to purchase Amryt ADSs on the same terms

## Amryt Pharma plc Directors' Remuneration Report

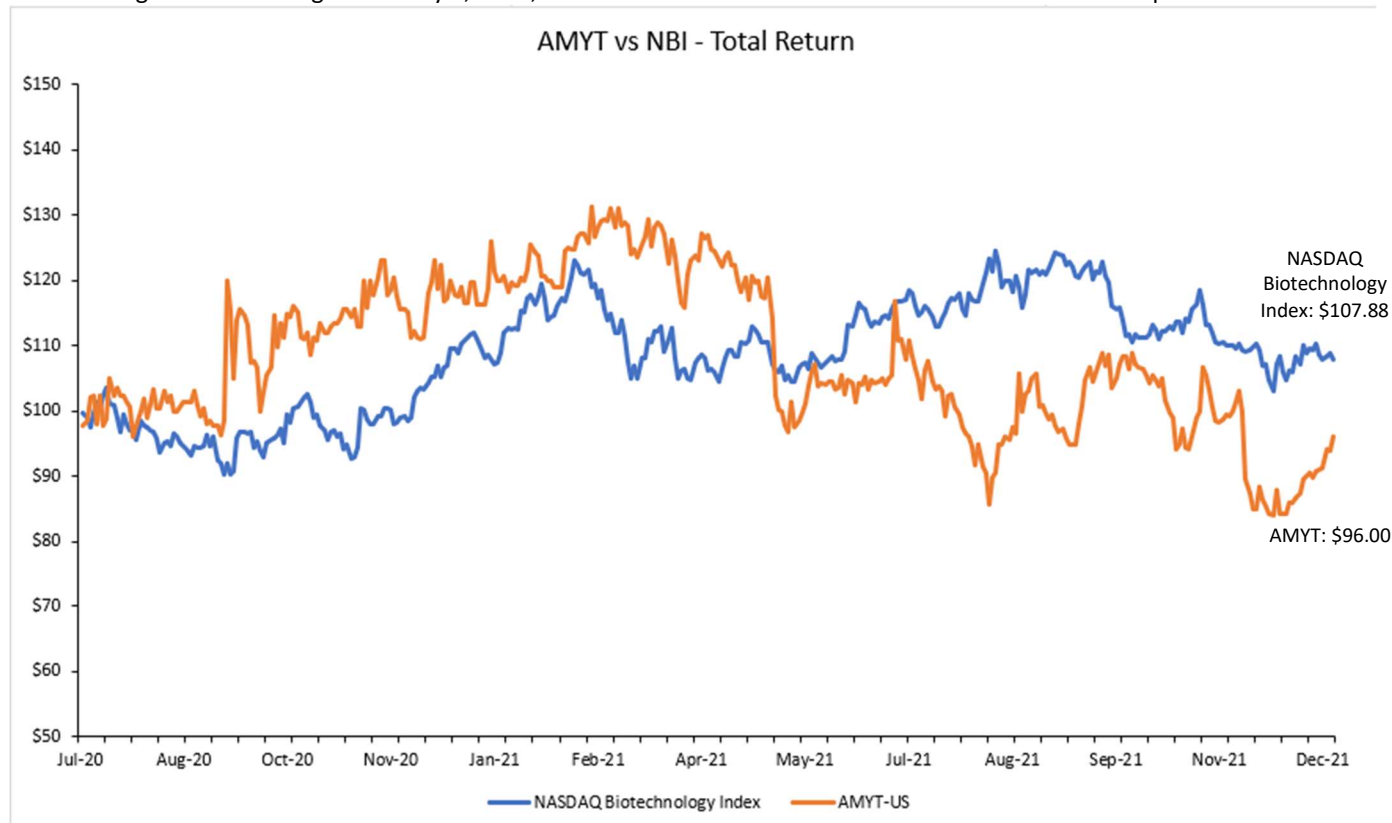
and conditions as were applicable under such Chiasma Stock Option and Incentive Plan immediately prior to the acquisition. On August 5, 2021, stock options were issued by Amryt to replace Chiasma stock options. 1,160,380 and 2,969,995 stock options were issued by Amryt to replace Chiasma stock options held. Unvested share options at December 31, 2021, included various grants that were granted pre-acquisition. In addition grants issued during 2021 included share options that vest 25% 12 months after the grant date with the remainder vesting ratably over 36 Months thereafter, and share options that vest ratably over 16 quarters after the grant date.

<sup>3</sup> Share options vest over 3 years with 25% vesting 12 months after the grant date, a further 25% vesting 24 months after the grant date and the final 50% vesting 36 months after the grant date.

Under the terms of the Company's Equity Incentive Plan, we have granted market value options to our Executive Director and Non-Executive Directors. Market value options were granted to the Executive Director in 2017, 2019 and 2021. Market value options were granted to the Non-Executive Directors in July 2020 and in August/September 2021. These options vest over 3 years with 25% vesting 12 months after the grant date, a further 25% vesting 24 months after the grant date and the final 50% vesting 36 months after the grant date. In addition market value options granted to certain Non-Executive Directors in August vest over 12 months after the grant date. There are no performance conditions attached to these share options. No options were exercised by the Executive Director or the Non-Executives Directors during the year December 31, 2021, or in the year ended December 31, 2020.

### Performance graph

The graph below shows the Company's performance, measured by total shareholder return, relative to the NASDAQ Biotechnology Index. The NASDAQ Biotechnology Index has been selected for this comparison because the Company has been trading on this exchange since July 8, 2020, and is therefore considered to be the most suitable comparator index.





**Amryt Pharma plc**  
**Directors' Remuneration Report**

**Executive Directors total remuneration history**

The Executive Directors remuneration for 2021 and 2020 is set out below. This will eventually build up to cover a rolling ten-year remuneration history.

	2021 \$	2020 \$
Total Executive Director remuneration <sup>1</sup>	3,479,000	1,719,000
Executive Director bonus (as a % of base salary)	99.45%	130%
Executive Director LTIP vesting (as a % of maximum available) <sup>2</sup>	100%	100%

<sup>1</sup> Total remuneration above consists of base salary, bonus, employer pension contribution, other benefits and equity awards granted in the period

<sup>2</sup> As these options are not subject to performance conditions, the vesting percentage has been recorded at 100%

**Percentage change of Executive Directors total remuneration**

The table below shows the percentage change in remuneration of the Executive Director and the Group's employees as a whole as set out below between the year ended December 31, 2021, and the year ended December 31, 2020:

	Executive Director	Average Employee
Base Salary	3%	7%
Annual Bonus	(1%)	1%
Taxable Benefits	(4%)	1%

**Relative importance of spend on pay**

The Remuneration Committee considers the Company's total revenues relative to salary expenditure for all employees, to be the most appropriate metric for assessing overall spend on pay due to the nature and stage of the Company's business. Dividend distribution and share buy-back comparators have not been included because the Company has no history of such transactions. The table below illustrates the gross pay to all employees for 2021 and 2020 as compared to total operating revenues and illustrates the year-on-year change.

	2021 (\$'000)	2020 (\$'000)	% Change
Gross Pay to all employees	64,330	44,219	145.48%
Total Revenues	222,543	182,607	121.87%

**Membership of the remuneration committee and its advisors**

The Remuneration Committee comprises three members, who are all Non-Executive Directors: George Hampton, Dr. Alain Munoz and Stephen Wills. The Remuneration Committee is chaired by George Hampton. The Executive Director and Head of HR, as well as others, are invited to attend Remuneration Committee meetings as required to provide advice and assistance.

During the period, the Committee was assisted in its work by Radford. Radford was appointed to provide advice in relation to Directors' remuneration policy and general remuneration matters. Fees paid to Radford in relation to advice provided to the Committee during the period to December 31, 2021, were \$220,000, charged on a time/cost basis. The Committee is satisfied that the advice they received from Radford was objective and independent.

The Committee met six times during 2021 and addressed the following main topics relating to the Company:

- Executive Compensation
- Executive Long Term Incentive Plan
- Equity Vehicle Mix
- Executive Severance
- Review of Peer Group
- Change of Control Language in relation to the Share Option Plan
- Salary increases for 2022

**Amryt Pharma plc**  
**Directors' Remuneration Report**

**Statement of Voting at a general meeting of the Company**

The shareholder votes on the non-binding approval of the Directors' Remuneration Report and the binding approval of the Directors' Remuneration Policy at the general meeting which took place on March 2, 2022, was as follows:

<b>Resolution</b>	<b>Votes for</b>	<b>% for</b>	<b>Votes against</b>	<b>% against</b>	<b>Withheld</b>	<b>% withheld</b>	<b>Total</b>
Approval of the Directors' Remuneration Report	276,328,891	87.13%	40,826,619	12.87%	1,520	0.00%	317,157,030
Approval of the Directors' Remuneration Policy	276,320,011	87.12%	40,834,235	12.88%	1,599	0.00%	317,155,845

**Statement of implementation of remuneration policy for the calendar year ended December 31, 2021**

*Annual salary*

In January 2021, the Executive Director received a 3% increase in annual salary in-line with the other employees.

*Bonus*

In line with our Policy, the Executive Director will be eligible for an annual bonus of 65% of basic salary for achievement of target level or 130% of basic salary for achievement of stretch goals for the 2022 calendar year. The bonus will be subject to the achievement of short-term corporate objectives which have been set by the Committee with respect to the 12-month performance period to December 2022. The short-term objectives cover key objectives that relate to the achievement of the Amryt's wider strategic goals including, for the calendar year 2022 measures relating to financial milestones, clinical and corporate development. The amount of bonus payable is at the discretion of the Committee subject to review of performance against the short-term corporate objectives at the end of the calendar year. The Committee has chosen not to disclose, in advance, the detailed performance targets for the forthcoming year as these include matters which the Committee considers commercially sensitive. Retrospective disclosure of the performance against the corporate objectives will be made in next year's Annual Report on Remuneration to the extent any such disclosure is considered not to be commercially sensitive at that time.

*Benefits and pension*

The Executive Director will continue to be eligible to receive pension contributions from the Group to the value of 10% of basic salary. No significant changes are expected to the provision of other benefits.

*Long-term incentive plan*

In line with the Policy, the Committee has issued market value options to the Executive Director during 2022.

During the 2022 period to date, equity incentive awards were granted to the Executive Director under the Equity Incentive Plan. These equity incentive awards were market value options over Ordinary shares and the vesting period is three years; 25% of the award vesting 12 months after the grant date, 25% of the award after 24 months from the date of grant and the balance of 50% of the award vesting 36 months after the date of grant. No performance conditions were attached to the awards.

<b>Director</b>	<b>Number of options granted<sup>1</sup></b>	<b>Exercise Price<sup>1</sup></b>	<b>Grant Date</b>	<b>Expiry Date</b>
Joe Wiley	3,401,100	\$1.418	March 11, 2022	March 11, 2029

<sup>1</sup> Amryt shares trade as ADSs on NASDAQ, each ADS representing five Amryt ordinary shares. All equity incentives granted are in the form of ordinary shares. Share option exercise prices are the exercise price per ordinary share. The ADS equivalent exercise price will be the ordinary share exercise price multiplied by five and the number of ADSs will be the number of ordinary shares divided by five.

**Amryt Pharma plc**  
**Directors' Remuneration Report**

During the 2022 period to date, under the terms of Amryt's Equity Incentive Plan, performance share units ("PSUs") to purchase 347,700 ordinary shares granted to the Executive Director at the discretion of the Remuneration Committee. Performance conditions determine how many of these performance stock units will vest and, if performance targets are exceeded, additional performance stock units will be issued and vest in accordance with the terms of the relevant performance stock units award. The PSUs vest based on the Total Shareholder Return ("TSR") of Amryt's NASDAQ traded common stock relative to the TSRs of the constituents that comprise the NASDAQ Biotechnology Index (the Peer Group) as of January 1, 2022. TSR for Amryt and each peer company will be measured over the period from January 1, 2022, to December 31, 2024. The payout schedule can produce payout percentages ranging from 0% to 150%.

*Non- Executive Directors' fees*

In the period from January 1, 2022, to date, the fees for Ray Stafford increased by \$10,000 to \$98,000. There were no other increases in Non-Executive Directors fees from January 1, 2022, to date.

The following equity awards were granted to the Non-Executive Directors during 2022 to date:

<b>Director</b>	<b>Number of options granted<sup>1</sup></b>	<b>Exercise Price<sup>1</sup></b>	<b>Grant Date</b>	<b>Expiry Date</b>
Ray Stafford	170,000	\$1.61	May 15, 2022	May 15, 2029
George Hampton	170,000	\$1.61	May 15, 2022	May 15, 2029
Alain Munoz	170,000	\$1.61	May 15, 2022	May 15, 2029
Donald Stern	170,000	\$1.61	May 15, 2022	May 15, 2029
Patrick Vink	170,000	\$1.61	May 15, 2022	May 15, 2029
Stephen Wills	170,000	\$1.61	May 15, 2022	May 15, 2029
Raj Kannan	170,000	\$1.61	May 15, 2022	May 15, 2029
Roni Mamluk	170,000	\$1.61	May 15, 2022	May 15, 2029

<sup>1</sup> Amryt shares trade as ADSs on NASDAQ, each ADS representing five Amryt ordinary shares. All equity incentives granted are in the form of ordinary shares. Share option exercise prices are the exercise price per ordinary share. The ADS equivalent exercise price will be the ordinary share exercise price multiplied by five and the number of ADSs will be the number of ordinary shares divided by five.

These equity incentive awards were market value options over Ordinary shares and the vesting period is the earlier of 12 months from the grant date or the AGM in 2023. No performance conditions were attached to the awards.

This Directors' Remuneration Report has been approved by the Board and signed on behalf of the Board.

Joe Wiley  
 Director  
 May 31, 2022

## **Directors' Report**

The Directors of the Company present their report and the Financial Statements of the Company for the year ended December 31, 2021.

Amryt Pharma plc was incorporated under the UK Companies Act 2006 on July 17, 2019 as a private company limited by shares under the name Amryt Pharma Holdings Limited. Following a re-registration as a public company in September 2019 in connection with the scheme of arrangement under which we acquired Aegerion, we became the parent company of our legacy businesses and changed our name to Amryt Pharma plc.

### **Directors**

The Directors who served on the Board of Amryt Pharma plc during the period to the date of this report are as follows:

Ray Stafford (Non-Executive Chairman)  
Dr. Joe A. Wiley (Chief Executive Officer)  
George P. Hampton Jr. (Non-Executive Director)  
Dr. Alain H. Munoz (Non-Executive Director)  
Donald K. Stern (Non-Executive Director)  
Dr. Patrick V.J.J. Vink (Non-Executive Director)  
Stephen T. Wills (Non-Executive Director)  
Raj Kannan (Non-Executive Director)  
Dr. Roni Mamluk (Non-Executive Director)

Raj Kannan and Dr. Roni Mamluk were appointed to the Board on August 5, 2021.

### **Principal activities**

The Strategic Report on pages 2 to 15 describes Amryt's principal development activities, strategy and future developments.

Amryt is a global commercial-stage biopharmaceutical company focused on acquiring, developing and commercializing novel treatments for rare diseases.

### **Results and Dividends**

The Company recorded a total profit for the year ended December 31, 2021, attributable to equity holders of the parent of \$1.0 million. The Directors do not recommend payment of a dividend.

### **Research and Development**

For the year December 31, 2021, we spent \$37.7 million (2020: \$27.6 million) on research and development activity. Research and development spend primarily reflects the underlying activity on clinical trials for our products as well as the manufacturing of drug product together with the internal costs, including payroll directly attributable to these activities. Further details of our product programs and research and development spend can be found within the Strategic Report.

### **Future Developments in the Business of the Company**

Details of future developments can be found in the Strategic Report on pages 4 to 5 and form part of this report by cross-reference.

### **Existence of branches of the Company outside of the United Kingdom**

As at December 31, 2021, the Company had no branches outside the United Kingdom.

### **Share Capital Structure**

The Company's ordinary shares of £0.06 are listed on the NASDAQ (AMYT). At the date of this report, 320,884,822 ordinary shares of £0.06 each were in issue. Details of share issues and changes to the capital structure during the year ended December 31, 2021, are set out in note 17 of the Notes to the Financial Statements.

### **Qualifying Indemnity Provision**

The Company has in place insurance protection, including a Directors and Officers liability policy, to cover the risk of loss when management deems it appropriate and cost effective. However, in some cases risks cannot be effectively covered by insurance and the cover in place may not be sufficient to cover the extent of potential liabilities.

### **Financial Risk Management Objectives and Policies**

Refer to Note 24 of the financial statements for further details on our financial risk management objectives and policies, including information on exposure to price risk, credit risk, liquidity risk and cash flow risk.

### **Stakeholder Engagement**

Our key stakeholders include our people, customers, suppliers and investors. We are committed to open and effective engagement with all our stakeholders in order to understand their views and look for opportunities to improve. The Board actively encourages direct engagement with its stakeholders to ensure that they consider the interests of these stakeholders in the Board's decision-making. This engagement with stakeholders give the Board an opportunity to share the Company's purpose, values and strategy.

### **Going Concern**

The business activities of the Company are outlined on page 2 and the factors which may affect the Company's future development and performance are outlined on pages 3 – 6. The financial review on page 7 discusses the Company's financial and liquidity position and borrowing facilities. In addition, note 24 to the Consolidated Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit, currency and liquidity risks.

After making appropriate enquires, the Directors consider that the Company and the Group has adequate resources to continue in business for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

### **Events after the Reporting Period**

Events after the reporting period are set out in note 27 to the financial statements. Likely future developments in the business are discussed in the Strategic Report section.

### **Auditors**

The Board are recommending Grant Thornton for re-appointment as auditor of the Group. Grant Thornton have expressed their willingness to accept this appointment and a resolution re-appointing them will be submitted to the forthcoming AGM.

### **Disclosure of Information to the Auditors**

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

### **Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. For the financial year ended December 31, 2021, we have chosen to prepare our Group and Company accounts in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006" (UK-adopted International Accounting Standards ).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

## **Amryt Pharma plc**

### **Directors' Report**

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the company financial statements and apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Website Publication**

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on Amryt's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of Amryt's website is the responsibility of the Directors.

**This report was approved by the Board on May 31, 2022, and signed on its behalf by:**

Joe Wiley  
Director

# Independent auditor's report to the members of Amryt Pharma plc

## Opinion

We have audited the financial statements of Amryt Pharma plc (the 'Company') and its subsidiaries (together the 'Group'), which comprise the Consolidated statement of comprehensive income/(loss), the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company statement of financial position, the Company statement of cash flows, the Company statement of changes in equity for the year ended 31 December 2021, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted International Accounting Standards (UK-adopted IAS).

In our opinion, Amryt Pharma plc's financial statements:

- give a true and fair view in accordance with UK-adopted IAS of the assets, liabilities and financial position of the Group and Company as at 31 December 2021 and of the Group's financial performance and the Group and Company's cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs UK'). Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Group and Company. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Company's ability to continue as a going concern basis of accounting included:

- Evaluating management's future cash flow forecasts, the process by which they were prepared, and assessed the calculations are mathematically accurate;
- Challenging the underlying key assumptions incorporated into the Group and Company's cash flow forecasts;

# Independent auditor's report to the members of Amryt Pharma plc (continued)

## Conclusions relating to going concern (continued)

- Regarding revenue projections, challenging the estimates made by management by assessing whether the estimates regarding sales forecasts and sales prices are in line with historical revenues to date and current contracts in place;
- Challenging the sensitivities and stress testing that management performed on the cash flow forecasts; and
- Assessing the adequacy of the disclosures with respect to the going concern assertion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on these matters.

### *Overall audit strategy*

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

Based on our considerations as set out below, our areas of focus included:

- Accounting for the business combination transaction during the year, in particular the recognition and subsequent measurement of the related goodwill and purchased intangible assets (Group)
- Valuation of intangible assets including goodwill, other than those acquired as part of the current year business combination (Group)
- Valuation of Contingent Value Rights (CVRs) (Group and Company)
- Valuation of contingent consideration (Group)
- Revenue recognition (accuracy and completeness) – U.S. pharmaceutical rebate reserves (Group)



# Independent auditor's report to the members of Amryt Pharma plc (continued)

## Key audit matters (continued)

### *How we tailored the audit scope*

The Group is a global commercial-stage biopharmaceutical company focused on acquiring, developing and commercialising innovative treatments to help improve the lives of patients with rare and orphan diseases. The Company is incorporated in England and Wales and is listed on National Association of Securities Dealers Automated Quotations (NASDAQ) Global Select Market under the symbol AMYT.

We tailored the scope of our audit taking into account the areas where the risk of misstatement was considered material to the Group and Company, the nature and structure of the Group and Company's business and the industry in which they operate.

In establishing the overall approach to our audit, we assessed the risk of material misstatement at Group and Company level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the control environment in place at Amryt Pharma plc.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 13 components out of the 36 reporting components of the Group. The 13 components cover entities across Europe and the Americas, which represent the principal business units within the Group.

Of the 13 components selected, we performed an audit of the complete financial information for three components ("full scope components") which were selected based on their size or risk characteristics. For the remaining ten components, we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The components where we performed full or specific audit procedures approximately accounted for 99.6% of the Group's total assets, 99.5% of the total revenue and 100% of the total loss before taxes. We performed an audit of the complete financial information of the Company.

### *Materiality and audit approach*

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the Group and Company and their environment, the history of misstatements, the complexity of the Group and Company and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for:

- Group: 1.5% of total revenue for the year ended 31 December 2021. Revenue was chosen as benchmark because revenue growth is the focus of the users of the financial statements and one of the key financial metrics of the Group.
- Company: 1% of total equity/net assets. The Company holds the Group's investments and is not in itself profit-oriented. The strength of the Company's statement of financial position is the key measure of financial health that is important to shareholders.

# Independent auditor's report to the members of Amryt Pharma plc (continued)

## Key audit matters (continued)

### *Materiality and audit approach (continued)*

We set performance materiality at a lower level than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements. Performance materiality was set at 65% for both the Group and Company materiality for the 2021 audit.

In determining performance materiality, we have considered our risk assessment, including our assessment of the Group's overall control environment. This is to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

We agreed with the audit committee of the Board of Directors that we would report to them misstatements identified during our audit above 5% of materiality, for the Group and Company, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### *Significant matters identified*

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Description of significant matters	Our responses to significant matters	Key observations communicated to the Audit Committee
<p><b>Accounting for the business combination transaction during the year, in particular the recognition and subsequent measurement of the related goodwill and purchased intangible assets (Group)</b></p> <p>On 5 August 2021, Amryt assumed control of Chiasma Inc. ("Chiasma") for a total purchase consideration of \$260.3 million by allotting and issuing a total of 127,740,695 new ordinary shares to the former Chiasma shareholders in the form of 25,548,139 Amryt ADSs. In addition, Chiasma equity awards of \$10.16 million were also recognised as consideration transferred upon the acquisition of Chiasma. The assets acquired include significant intangible asset valued at date of acquisition of \$215 million and goodwill of \$38.6 million was recognised as a result of the business combination.</p>	<p>We obtained an understanding on management's accounting process relating to business combinations and subsequent measurement and performed test of design and implementation of relevant controls.</p> <p>We reviewed the acquisition related agreements to obtain an understanding of the transaction and key terms and determine whether the acquisition transaction was properly accounted for in accordance with UK-adopted IAS.</p> <p>We reviewed the purchase price allocation (PPA), including the related fair value adjustments and resulting goodwill at acquisition date. We involved our internal valuation specialists in evaluating the valuation methodologies and key inputs used in identifying fair</p>	<p>We completed our planned audit procedures with no exceptions.</p>

# Independent auditor's report to the members of Amryt Pharma plc (continued)

Description of significant matters	Our responses to significant matters	Key observations communicated to the Audit Committee
<p>We have determined the valuation of these intangible assets to be a key audit matter due to the size of the purchased intangible assets, and also because the valuation of the intangible assets and goodwill involve significant judgment. As a consequence, there is greater risk of fraud or error due to management override of controls.</p>	<p>value and related PPA adjustments. Such inputs include discount rates, revenue growth and cash flow forecasts.</p> <p>We assessed the competence, independence and integrity of the third party valuation experts used by the Group.</p>	
<p>The following significant judgments and estimates used in the valuation models and management's year-end impairment assessment could be selected inappropriately resulting in material misstatement:</p>	<p>We validated all significant accounting entries relating to the fair value impacts on assets acquired and liabilities assumed resulting from the PPA for accuracy checks.</p>	
<ul style="list-style-type: none"> <li>- Selection of appropriate discount rates</li> <li>- Revenue growth and cash flow forecasts</li> </ul>	<p>We reviewed the Group's year-end impairment assessment for this cash generating unit. We evaluated and challenged management's assumptions and judgements used in the calculation of the future cash flows, which include but are not limited to revenue projections and discount rates, including review of any changes in assumptions from the acquisition date to the year-end date.</p>	
<p>This matter is new in 2021 as the acquisition occurred only in the current year.</p>	<p>We performed integrity and mathematical accuracy checks on the forecasting model used to estimate recoverable amounts. We performed sensitivity analysis to determine the reasonableness of the input and output variables used in the model.</p>	
<p>Refer to notes 6 and 12 of the financial statements for further details.</p>	<p>We assessed the adequacy of the Group's financial statements disclosures in respect of these transactions and assessment was made in accordance with requirements of relevant accounting standards.</p>	

# Independent auditor's report to the members of Amryt Pharma plc (continued)

Description of significant matters	Our responses to significant matters	Key observations communicated to the Audit Committee
<p><b>Valuation of intangible assets including goodwill, other than those acquired as part of the current year business combination (Group)</b></p> <p>As at 31 December 2021, the Group's intangible assets and goodwill, other than those acquired as part of the current year business combination described above, had a net book value of \$258.3 million and \$18.1 million, respectively. The intangible assets include the net book value of in-process research and development (Oleogel-S10) acquired as part of Amryt GmbH acquisition in 2016, and acquired developed technology from Aegerion acquisition in 2019, namely, Metreletin and Lomitapide.</p> <p>We have determined the valuation of these intangible assets and goodwill to be a key audit matter due to the size of these purchased intangible assets, and also because the impairment assessment of these assets involve significant management judgements and estimates, which if selected inappropriately could result in material misstatement. As a consequence, there is greater risk of fraud or error due to management override of controls. Such judgments and estimates include:</p> <ul style="list-style-type: none"> <li>- Selection of appropriate discount rates</li> <li>- Revenue growth and cash flow forecasts</li> <li>- Probability of obtaining regulatory approval (for Oleogel-S10) in the future</li> </ul> <p>Refer to note 12 of the financial statements for further details.</p>	<p>We have obtained an understanding on management's accounting process relating to the valuation of intangible assets including goodwill and performed test of design and implementation of relevant controls.</p> <p>We reviewed the Group's year-end impairment assessment. We evaluated and challenged management's assumptions and judgements used in the calculation of the future cash flows used in estimating recoverable amounts of assets, which include but are not limited to revenue projections, discount rates and probability of obtaining regulatory approval in the future. We also held discussions with the Group's Global Operations and Analytics team on revenue projections and with the Chief Executive Officer and Chief Medical Officer on the status of relevant regulatory approvals for Oleogel-S10.</p> <p>We performed sensitivity analysis to determine the reasonableness of the input and output variables used in the model.</p> <p>We performed integrity and mathematical accuracy checks on the forecasting model used to estimate recoverable amounts.</p> <p>We assessed the adequacy of the financial statements disclosures in respect of these transactions and the assessment was made in accordance with requirements of relevant accounting standards.</p>	<p>We completed our planned audit procedures with no exceptions.</p>

## Independent auditor's report to the members of Amryt Pharma plc (continued)

Description of significant matters	Our responses to significant matters	Key observations communicated to the Audit Committee
<p><b>Valuation of Contingent Value Rights (CVRs) (Group and Company)</b></p> <p>On 23 September 2019 (prior to, but in conjunction with, the acquisition of Aegerion on 24 September 2019), Amryt issued CVRs amounting to \$85 million to existing shareholders and option holders of Amryt. The CVRs are payable on achieving certain regulatory and revenue milestones. As at 31 December 2021, the CVR liability in the Consolidated and Company Statement of Financial Position was valued at \$19.9 million. The amortised cost of CVR liability represents the present value of the re-estimated future contractual cash flows as at 31 December 2021.</p> <p>The key assumptions include payment amounts, expected timing of achievement of the two milestones (FDA approval and EMA approval) related to Oleogel-S10, probabilities of successful launch of Oleogel-S10, revenue forecast related to Oleogel-S10 and applicable discount rates.</p> <p>The selection of valuation method and assumptions used requires significant judgement and estimates from management. The existence of significant estimation uncertainty warrants significant audit attention.</p> <p>Refer to note 2 (Valuation of contingent value rights ("CVRs")) and note 6 of the financial statements for further details.</p>	<p>We obtained an understanding of management's accounting process relating to the valuation of CVRs and performed test of design and implementation of relevant controls.</p> <p>We assessed that the CVRs were accounted for correctly and were consistent with our understanding from previous years and that the valuation reflected the terms of the CVR related agreements.</p> <p>With the assistance from our internal valuation specialists, we evaluated and challenged the judgments applied and assumptions used by management in determining the valuation of CVRs at year-end, which included but not limited to the selection of appropriate valuation model, estimates of cash flows, budgeted revenue growth, discount rates and probability factors. We also held discussions with the Group's Global Operations and Analytics team on revenue projections and the Chief Executive Officer and Chief Medical Officer on the status of relevant regulatory approvals for Oleogel-S10.</p> <p>We performed integrity and mathematical accuracy checks on the model as well as performing sensitivity analysis to determine the reasonableness of the input and output variables in the model.</p> <p>We assessed the adequacy of the financial statements disclosures in respect of this transaction and the assessment was made in accordance with requirements of</p>	<p>We completed our planned audit procedures with no exceptions.</p>

## Independent auditor's report to the members of Amryt Pharma plc (continued)

Description of significant matters	Our responses to significant matters	Key observations communicated to the Audit Committee
<p><b>Valuation of contingent consideration (Group)</b></p> <p>As a result of the acquisition of Amryt AG and Som Therapeutics Corp. in 2016, the Group recognised a contingent consideration liability. The contingent consideration is recognised at fair value and is based on the same forecasting model used to assess the recoverable amount of IPR&amp;D intangible assets. At 31 December 2021, the carrying amount of the contingent consideration liability is \$61.2 million.</p> <p>We considered the valuation of contingent consideration liability as key audit matter because of the significant judgements and estimates required by management in determining its fair value at year-end which involves forecasting and discounting of future cash flows, which are complex and are heavily reliant on assumptions that could be affected by future market or economic developments. This is turn led to a high degree of auditor judgement and subjectivity and audit effort in applying procedures for the related assumptions.</p> <p>The fair value determination of the contingent consideration involve forecasting and discounting of future cash flows, which are complex and are heavily reliant on assumptions which could be affected by future market or economic developments.</p> <p>Refer to note 2 (Valuation of contingent consideration), and note 12 of the financial statements for further details.</p>	<p>relevant accounting standards.</p> <p>We obtained an understanding of management's accounting process relating to the valuation of contingent consideration and performed test of design and implementation of relevant controls.</p> <p>We evaluated and challenged management's judgements and assumptions used in the calculation of the future cash flows, which include but are not limited to revenue projections, discount rates and probability of clinical development success. We also held discussions with the Group's Global Operations and Analytics team on revenue projections and with the Chief Executive Officer and Chief Medical Officer on the status of relevant regulatory approvals for Oleogel-S10.</p> <p>We performed integrity and mathematical accuracy checks on the forecasting model used to estimate the fair value amount.</p> <p>We obtained and tested management's sensitivity analysis around the key assumptions, to ascertain that selected adverse changes to key assumptions, both individually and in aggregate, would not cause the contingent consideration to be materially misstated.</p> <p>We assessed the adequacy of the financial statements disclosures in respect of contingent consideration and the assessment was made in accordance with requirements of relevant accounting standards.</p>	<p>We completed our planned audit procedures with no exceptions.</p>



## Independent auditor's report to the members of Amryt Pharma plc (continued)

Description of significant matters	Our responses to significant matters	Key observations communicated to the Audit Committee
<p><b>Revenue recognition (accuracy and completeness) – U.S. pharmaceutical rebate reserves (Group)</b></p> <p>As described in note 2 Revenue recognition - variable consideration, the Group recognises revenue when the control of the goods or services were transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Rebates are accounted for as variable consideration and are recorded as a reduction in sales. The yearend liability for such rebates is recognised within trade and other payables on the Consolidated Statement of Financial Position. The majority of the Group's rebates relate to sales of pharmaceutical goods within the U.S. (i.e. Medicaid programs).</p> <p>The Group is required to pay rebates on each unit of product sold to customers covered by the relevant program. During the year ended 31 December 2021, Medicaid rebate costs deducted against sales amounted to \$41.7 million. An accrual of \$21.6 million was recorded at the balance sheet date in relation to payments due to be paid.</p> <p>We considered this as a key audit matter because management applied significant judgement, which involved significant measurement uncertainty in developing these reserves. Variable consideration primarily includes government rebates. Estimates of variable consideration are made at contract inception and historical experience, market trends, and industry data are considered when assessing such estimates. Variable</p>	<p>We obtained an understanding of management's process and key inputs for calculating revenue rebates and performed test of design and implementation of relevant controls.</p> <p>We reviewed the basis of the year-end rebate accrual calculation and recalculated the expected amount of rebates by utilising third party information and market conditions in the U.S. We compared our recalculation to management's estimate and assessed its reasonableness.</p> <p>We performed a review of the historical trend of actual rebate claims paid against the estimated year end accruals to assess accuracy.</p> <p>We selected samples to test rebate claims processed, including evaluating those claims for consistency with the contractual and mandated terms of the rebate arrangements and traced payments made to different U.S. government states to the bank statements.</p> <p>We assessed the adequacy of the financial statements disclosures in respect of revenue recognition and rebate reserves. The assessment was made in accordance with requirements of relevant accounting standards.</p>	<p>We completed our planned audit procedures with no exceptions.</p>

## Independent auditor's report to the members of Amryt Pharma plc (continued)

Description of significant matters	Our responses to significant matters	Key observations communicated to the Audit Committee
consideration is included in the transaction price to the extent it is probable that a significant reversal of revenue will not occur. The Group reassesses variable consideration at the end of each reporting period as additional information becomes available with the variance recorded to product sales revenue. This in turn led to a high degree of auditor judgement and subjectivity and audit effort in applying procedures for the assumptions related to contractual terms with customers, historical experience and projected market conditions in the U.S. pharmaceutical market.		

### Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, such as Strategic report, Corporate governance report, Directors' remuneration report and Directors' report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



# Independent auditor's report to the members of Amryt Pharma plc (continued)

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities section of the Directors' report, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with UK-adopted IAS, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

## Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent auditor's report to the members of Amryt Pharma plc (continued)

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and the Company's industry, we identified that the principal risks of non-compliance with laws and regulations related to NASDAQ stock exchange listing rules, data privacy law, employment law, environmental regulations, health & safety, sales and marketing of pharmaceutical products and other laws affecting the Group and the Company, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of board, risk and compliance and legal functions and Audit Committee on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Group and Company's regulatory and legal correspondence and review of minutes of board of directors' meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including valuation of convertible notes, valuation of acquired assets, impairment assessment of intangible assets and goodwill, valuation of contingent considerations and contingent value rights, capitalisation of research and development ("R&D") expenses, recognition of deferred tax assets, revenue recognition – variable consideration, inventory obsolescence and impairment review of investment in subsidiaries;
- review of the financial statements disclosures to underlying supporting documentation and inquiries of management;

# Independent auditor's report to the members of Amryt Pharma plc (continued)

## Responsibilities of the auditor for the audit of the financial statements (continued)

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)*

- assessing the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's: (i) understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation (ii) knowledge of the industry in which the client operates (iii) understanding of the legal and regulatory requirements specific to the Group and Company.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

## The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Murray (Senior Statutory Auditor)  
For and on behalf of  
Grant Thornton  
Chartered Accountants & Statutory Auditors  
Dublin 2  
Ireland

Date: May 31, 2022

**Amryt Pharma plc**  
**Consolidated Statement of Comprehensive Income/(Loss)**  
*For the year ended December 31, 2021*

	<b>Note</b>	<b>Year ended December 31,</b>	
		<b>2021</b>	<b>2020</b>
		<b>US\$'000</b>	<b>US\$'000</b>
Revenue	3	222,543	182,607
Cost of sales	4	(106,119)	(119,029)
Gross profit		116,424	63,578
Research and development expenses		(37,729)	(27,618)
Selling, general and administrative expenses		(91,995)	(76,673)
Restructuring and acquisition costs	6	(16,947)	(1,017)
Share based payment expenses	5	(8,341)	(4,729)
<b>Operating loss before finance expense</b>	7	<b>(38,588)</b>	<b>(46,459)</b>
Non-cash change in fair value of contingent consideration	6	18,407	(27,827)
Non-cash contingent value rights gain / (loss)	6	41,525	(12,004)
Net finance expense - other	9	(27,906)	(19,569)
<b>Loss on ordinary activities before taxation</b>		<b>(6,562)</b>	<b>(105,859)</b>
Tax credit on loss on ordinary activities	10	7,562	1,332
<b>Profit/(loss) for the year attributable to the equity holders of the Company</b>		<b>1,000</b>	<b>(104,527)</b>
Exchange translation differences which may be reclassified through profit or loss		4,423	(2,164)
Total other comprehensive income/(loss)		4,423	(2,164)
<b>Total comprehensive income/(loss) for the year attributable to the equity holders of the Company</b>		<b>5,423</b>	<b>(106,691)</b>
<b>Earnings/(loss) per share</b>			
Basic earnings/(loss) per share attributable to ordinary equity holders of the parent (US\$)	11	0.00	(0.66)
Diluted earnings/(loss) per share attributable to ordinary equity holders of the parent (US\$)	11	0.00	(0.66)

*The accompanying notes form an integral part of these consolidated financial statements.*

**Amryt Pharma plc**  
**Consolidated Statement of Financial Position**  
*As at December 31, 2021*

	<b>Note</b>	<b>As at December 31,</b>	
		<b>2021</b>	<b>2020</b>
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	12	56,688	19,131
Intangible assets	12	467,359	305,369
Property, plant and equipment	13	7,416	7,574
Other non-current assets		1,885	1,542
<b>Total non-current assets</b>		<b>533,348</b>	<b>333,616</b>
<b>Current assets</b>			
Trade and other receivables	14	53,908	43,185
Inventories	15	115,769	40,992
Cash and cash equivalents, including restricted cash	16	113,032	118,798
<b>Total current assets</b>		<b>282,709</b>	<b>202,975</b>
<b>Total assets</b>		<b>816,057</b>	<b>536,591</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	25,500	13,851
Share premium	17	318,153	51,408
Other reserves	17	246,303	236,488
Accumulated deficit		(233,295)	(235,605)
<b>Total equity</b>		<b>356,661</b>	<b>66,142</b>
<b>Non-current liabilities</b>			
Contingent consideration and contingent value rights	6	81,113	148,323
Deferred tax liability	18	17,772	6,612
Long term loan	19	93,395	87,302
Convertible notes	20	105,788	101,086
Provisions and other liabilities	22	4,049	25,951
<b>Total non-current liabilities</b>		<b>302,117</b>	<b>369,274</b>
<b>Current liabilities</b>			
Trade and other payables	21	149,734	90,236
Provisions and other liabilities	22	7,545	10,939
<b>Total current liabilities</b>		<b>157,279</b>	<b>101,175</b>
<b>Total liabilities</b>		<b>459,396</b>	<b>470,449</b>
<b>Total equity and liabilities</b>		<b>816,057</b>	<b>536,591</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

The Financial Statements were approved and authorized for issue by the Directors on May 31, 2022. They are signed on the Board's behalf by:

Joe Wiley  
Director

Company Number:  
12107859

**Amryt Pharma plc**  
**Consolidated Statement of Cash Flows**  
For the year ended December 31, 2021

	Note	Year ended December 31,	
		2021	2020
		US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
Profit/(loss) on ordinary activities after taxation		1,000	(104,527)
Net finance expense - other	9	27,906	19,569
Depreciation and amortization	12,13	50,744	44,465
Amortization of inventory fair value step-up	4,7	4,418	27,617
Loss on disposal of fixed assets		173	133
Share based payment expenses	5	8,341	4,729
Non-cash change in fair value of contingent consideration	6	(18,407)	27,827
Non-cash contingent value rights(gain)/loss	6	(41,525)	12,004
Deferred taxation credit		(9,268)	(535)
Movements in working capital and other adjustments:			
Change in trade and other receivables	14	(3,543)	(7,685)
Change in trade and other payables	21	11,758	8,909
Change in provision and other liabilities	22	(3,292)	4,663
Change in inventories	15	(13,288)	(10,609)
Change in non-current assets		523	331
<b>Net cash flow from operating activities</b>		<b>15,540</b>	<b>26,891</b>
<b>Cash flow from investing activities</b>			
Net cash received on acquisition of subsidiary	6	107,942	—
Payments for property, plant and equipment	13	(729)	(1,503)
Payments for intangible assets	12	(816)	(963)
Deposit interest received		5	87
<b>Net cash flow from / (used in) investing activities</b>		<b>106,402</b>	<b>(2,379)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of equity instruments, net of expenses	17	4,701	37,927
Repayment of long term debt	19	(116,629)	—
Interest paid	19	(12,283)	(10,780)
Payment of leases		(1,215)	(1,119)
<b>Net cash flow (used in) / from financing activities</b>		<b>(125,426)</b>	<b>26,028</b>
<b>Exchange differences and other movements</b>		<b>(2,282)</b>	<b>1,029</b>
<b>Net change in cash and cash equivalents</b>		<b>(5,766)</b>	<b>51,569</b>
Cash and cash equivalents at beginning of the year		118,798	67,229
<b>Restricted cash at end of the year</b>	16	<b>261</b>	<b>223</b>
<b>Cash at bank available on demand at end of the year</b>	16	<b>112,771</b>	<b>118,575</b>
<b>Total cash and cash equivalents at end of the year</b>	16	<b>113,032</b>	<b>118,798</b>

The accompanying notes form an integral part of these consolidated financial statements.

**Amryt Pharma plc**  
**Consolidated Statement of Changes in Equity**  
For the year ended December 31, 2021

		Share capital	Share premium	Warrant reserve	Treasury shares	Share based payment reserve	Merger reserve	Reverse acquisition reserve	Equity component of convertible notes	Other distributable reserves	Currency translation reserve	Accumulated deficit	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at January 1, 2020		11,918	2,422	29,523	(7,534)	3,190	42,627	(73,914)	29,210	217,634	7,894	(131,137)	131,833
Loss for the year		—	—	—	—	—	—	—	—	—	—	(104,527)	(104,527)
Foreign exchange translation reserve		—	—	—	—	—	—	—	—	—	(2,164)	—	(2,164)
Total comprehensive loss		—	—	—	—	—	—	—	—	—	(2,164)	(104,527)	(106,691)
<b>Transactions with owners</b>													
Issue of shares in exchange for warrants	17	630	14,131	(14,761)	—	—	—	—	—	—	—	—	—
Issue of shares in equity fund raise	17	1,303	38,697	—	—	—	—	—	—	—	—	—	40,000
Issue costs associated with equity fund raise	17	—	(3,848)	—	—	—	—	—	—	—	—	—	(3,848)
Issue of treasury shares for share options exercised	17	—	6	—	113	—	—	—	—	—	—	—	119
Share based payment expense	5	—	—	—	—	4,729	—	—	—	—	—	—	4,729
Share based payment expense – Lapsed		—	—	—	—	(59)	—	—	—	—	—	59	—
Total transactions with owners		1,933	48,986	(14,761)	113	4,670	—	—	—	—	—	59	41,000
<b>Balance at December 31, 2020</b>		<b>13,851</b>	<b>51,408</b>	<b>14,762</b>	<b>(7,421)</b>	<b>7,860</b>	<b>42,627</b>	<b>(73,914)</b>	<b>29,210</b>	<b>217,634</b>	<b>5,730</b>	<b>(235,605)</b>	<b>66,142</b>
Balance at January 1, 2021		13,851	51,408	14,762	(7,421)	7,860	42,627	(73,914)	29,210	217,634	5,730	(235,605)	66,142
Profit for the year		—	—	—	—	—	—	—	—	—	—	1,000	1,000
Foreign exchange translation reserve		—	—	—	—	—	—	—	—	—	4,423	—	4,423
Total comprehensive loss		—	—	—	—	—	—	—	—	—	4,423	1,000	5,423
<b>Transactions with owners</b>													
Issue of treasury shares in exchange for warrants	17	23	99	—	439	—	—	—	—	—	—	—	561
Issue of treasury shares in exchange for share options exercised	17	25	89	—	465	(191)	—	—	—	—	—	—	388
Issue of shares and treasury shares in exchange for warrants	17	749	7,496	(14,762)	6,517	—	—	—	—	—	—	—	—
Issue of shares in consideration of Chiasma acquisition	5,6	10,547	249,789	—	—	—	—	—	—	—	—	—	260,336
Share based payment reserve recognized on Chiasma acquisition	17	—	—	—	—	10,157	—	—	—	—	—	—	10,157
Issue of shares for share options exercised and vesting of RSUs	17	305	9,272	—	—	(4,264)	—	—	—	—	—	—	5,313
Share based payment expense	5	—	—	—	—	8,341	—	—	—	—	—	—	8,341
Share based payment – Lapsed		—	—	—	—	(1,310)	—	—	—	—	—	1,310	—
Total transactions with owners		11,649	266,745	(14,762)	7,421	12,733	—	—	—	—	—	1,310	285,096
<b>Balance at December 31, 2021</b>		<b>25,500</b>	<b>318,153</b>	<b>—</b>	<b>—</b>	<b>20,593</b>	<b>42,627</b>	<b>(73,914)</b>	<b>29,210</b>	<b>217,634</b>	<b>10,153</b>	<b>(233,295)</b>	<b>356,661</b>

The accompanying notes form an integral part of these consolidated financial statements.

**Amryt Pharma plc**  
**Company Statement of Financial Position**  
*As at December 31, 2021*

	<b>Note</b>	<b>As at December 31,</b>	
		<b>2021</b>	<b>2020</b>
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	26	619,960	341,935
<b>Total non-current assets</b>		619,960	341,935
<b>Current assets</b>			
Trade and other receivables	14	26,263	11,135
Cash and cash equivalents	16	12,004	38,364
<b>Total current assets</b>		38,267	49,499
<b>Total assets</b>		658,227	391,434
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the company</b>			
Share capital	17	25,500	13,851
Share premium	17	318,153	51,408
Other reserves	17	270,406	265,014
Retained earnings		21,983	(6,767)
<b>Total equity</b>		636,042	323,506
<b>Current liabilities</b>			
Contingent value rights	6	19,892	49,355
<b>Total non-current liabilities</b>		19,892	49,355
<b>Current liabilities</b>			
Trade and other payables	21	2,293	18,573
<b>Total current liabilities</b>		2,293	18,573
<b>Total liabilities</b>		22,185	67,928
<b>Total equity and liabilities</b>		658,227	391,434

*The accompanying notes form an integral part of these financial statements.*

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to present an income statement for the year. The Company's profit for the financial year ended December 31, 2021, was US\$27,440,000 (2020: loss of US\$5,535,000).

The Financial Statements were approved and authorized for issue by the Directors on May 31, 2022.  
They are signed on the Board's behalf by:

Joe Wiley  
Director

Company Number:  
12107859



**Amryt Pharma plc**  
**Company Statement of Cash Flows**  
*For the year ended December 31, 2021*

	<b>Note</b>	<b>Year ended December 31,</b>	
		<b>2021</b>	<b>2020</b>
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>			
Profit/(loss) on ordinary activities after taxation		27,440	(5,535)
Share based payment expenses	5	809	(245)
Non-cash contingent value rights gain	6	(29,463)	(58)
Movements in working capital and other adjustments:			
Change in other receivables	14	(15,128)	(8,581)
Change in trade and other payables	21	(14,719)	14,856
<b>Net cash flow (used in) / from operating activities</b>		<b>(31,061)</b>	<b>437</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of equity instruments, net of expenses	17	4,701	37,927
<b>Net cash flow from financing activities</b>		<b>4,701</b>	<b>37,927</b>
<b>Net change in cash at bank and in hand</b>		<b>(26,360)</b>	<b>38,364</b>
Cash at bank and in hand at beginning of the year		38,364	—
<b>Restricted cash at end of the year</b>	16	<b>—</b>	<b>—</b>
<b>Cash at bank available on demand at end of the year</b>	16	<b>12,004</b>	<b>38,364</b>
<b>Total cash at bank and in hand at end of the year</b>	16	<b>12,004</b>	<b>38,364</b>

*The accompanying notes form an integral part of these financial statements.*

**Amryt Pharma plc**  
**Company Statement of Changes in Equity**  
For the year ended December 31, 2021

		Share capital	Share premium	Warrant reserve	Treasury shares	Share based payment reserve	Equity component of convertible notes	Other distributable reserves	Accumulated deficit	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at January 1, 2020		11,918	2,422	29,523	(7,534)	3,190	29,210	220,603	(1,231)	288,101
Loss for the year		—	—	—	—	—	—	—	(5,535)	(5,535)
Total comprehensive loss		—	—	—	—	—	—	—	(5,535)	(5,535)
<b>Transactions with owners</b>										
Issue of shares in exchange for warrants	17	630	14,131	(14,761)	—	—	—	—	—	—
Issue of shares in equity fund raise	17	1,303	38,697	—	—	—	—	—	—	40,000
Issue costs associated with equity fund raise	17	—	(3,848)	—	—	—	—	—	—	(3,848)
Issue of treasury shares for share options exercised	17	—	6	—	113	—	—	—	—	119
Share based payment	5	—	—	—	—	4,729	—	—	—	4,729
Share based payment – lapsed		—	—	—	—	(59)	—	—	(1)	(60)
Total transactions with owners		1,933	48,986	(14,761)	113	4,670	—	—	—	40,940
<b>Balance at December 31, 2020</b>		<b>13,851</b>	<b>51,408</b>	<b>14,762</b>	<b>(7,421)</b>	<b>7,860</b>	<b>29,210</b>	<b>220,603</b>	<b>(6,767)</b>	<b>323,506</b>
Balance at January 1, 2021		13,851	51,408	14,762	(7,421)	7,860	29,210	220,603	(6,767)	323,506
Profit for the year		—	—	—	—	—	—	—	27,440	27,440
Total comprehensive loss		—	—	—	—	—	—	—	27,440	27,440
<b>Transactions with owners</b>										
Issue of treasury shares in exchange for warrants	17	23	99	—	439	—	—	—	—	561
Issue of treasury shares in exchange for share options exercised	17	25	89	—	465	(191)	—	—	—	388
Issue of shares and treasury shares in exchange for warrants	17	749	7,496	(14,762)	6,517	—	—	—	—	—
Issue of shares in consideration of Chiasma acquisition	17	10,547	249,789	—	—	—	—	—	—	260,336
Share based payment reserve recognized on Chiasma acquisition	5,6	—	—	—	—	10,157	—	—	—	10,157
Issue of shares for share options exercised and vesting of RSUs	5	305	9,272	—	—	(4,264)	—	—	—	5,313
Share based payment	5	—	—	—	—	8,341	—	—	—	8,341
Share based payment – Lapsed		—	—	—	—	(1,310)	—	—	1,310	—
Total transactions with owners		11,649	266,745	(14,762)	7,421	12,733	—	—	1,310	285,096
<b>Balance at December 31, 2021</b>		<b>25,500</b>	<b>318,153</b>	<b>—</b>	<b>—</b>	<b>20,593</b>	<b>29,210</b>	<b>220,603</b>	<b>21,983</b>	<b>636,042</b>

The accompanying notes form an integral part of these financial statements.

## **1. General information**

Amryt is a global commercial-stage biopharmaceutical company focused on acquiring, developing and commercializing innovative treatments to help improve the lives of patients with rare and orphan diseases. Amryt comprises a strong and growing portfolio of commercial and development assets.

As used herein, references to “we,” “us,” “Amryt” or the “Group” in these financial statements shall mean Amryt Pharma plc and its global subsidiaries, collectively. References to the “Company” in these financial statements shall mean Amryt Pharma plc.

Amryt Pharma plc is a company incorporated in England and Wales. The Company is listed on Nasdaq (ticker: AMYT). The Company was also listed on the AIM market of the London Stock Exchange (ticker: AMYT) up until January 11, 2022, on which date the Company completed the cancellation its admission to AIM. The cancellation was announced by the Company on November 22, 2021, and following the AIM delisting, the Company’s American Depositary Shares (“ADSs”) will remain listed, and will only be tradeable, on Nasdaq. The Company’s last day of trading on AIM was January 10, 2022.

Amryt acquired Chiasma, Inc. (“Chiasma”) in August 2021. The combined company will be a global leader in rare and orphan diseases with three on-market commercial products, a global commercial and operational footprint and a significant development pipeline of therapies with the financial flexibility to execute its growth plans. Amryt’s commercial business comprises three orphan disease products – metreleptin (Myalept®/ Myalepta®); oral octreotide (Mycapssa®); and lomitapide (Juxtapid®/ Lojuxta®).

Amryt’s lead development candidate, Oleogel-S10 is a potential treatment for the cutaneous manifestations of Junctional and Dystrophic Epidermolysis Bullosa (EB), a rare and distressing genetic skin disorder affecting young children and adults for which there is currently no approved treatment. Filsuvez® has been selected as the brand name for Oleogel-S10. The product does not currently have regulatory approval to treat EB. On February 28, 2022, Amryt announced that the U.S. Food and Drug Administration (“FDA”) communicated that it had completed its review of the NDA for Oleogel-S10 and has determined that the application cannot be approved in its present form. The FDA has asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB. Amryt intends to discuss with the FDA the nature of the data required to address the Agency’s concerns. The European Medicines Agency (“EMA”) review process for Oleogel-S10 in EB is ongoing and Amryt has responded to outstanding questions. Given the rarity of the disease without any approved therapies, the EMA proposed that an Ad-Hoc Expert Group, comprised of both EB clinical experts and patients with EB, be consulted to provide external and independent EB specific advice. On April 22, 2022, the Committee for Medicinal Products for Human Use (“CHMP”) adopted a positive opinion, recommending the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the European Commission (“EC”) is expected on the Filsuvez® application within 67 days. The CHMP positive opinion is supported by Phase 3 data from the EASE trial which was the largest ever global trial conducted in patients with EB, performed across 58 sites in 28 countries.

The financial statements were authorized for issue by the Company’s Board of Directors on May 31, 2022.

## **2. Accounting policies**

### ***Basis of preparation***

#### **(i) Compliance with International Financial Reporting Standards (“IFRS”)**

The consolidated financial statements of the Company and its subsidiaries (“Group”) and the individual financial statements of the Company have been prepared in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to companies reporting under IFRS. The financial statements comply with UK-adopted International Accounting Standards and are for the years ended December 31, 2021 and December 31, 2020.

#### **(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

**(iii) New and amended standards adopted by the Group and Company**

In the current year, a number of amendments to IFRS and Interpretations issued that are effective for annual period beginning on or after January 1, 2021, have been applied. These amendments and interpretations do not have significant impact on the disclosures or the amounts reported in these financial statements.

- COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16)

**(iv) New standards and interpretations not yet adopted**

There were a number of standards and interpretations which were in issue but were not effective at January 1, 2021, and have not been adopted for these consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies effective January 1, 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates effective January 1, 2023
- Onerous contracts – cost of fulfilling a contract (Amendments to IAS 37), effective January 1, 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), effective January 1, 2022
- Amendments to IFRS 3 Business Combinations, effective January 1, 2022
- Annual Improvements to IFRS Standards 2018–2020, effective January 1, 2022
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1), effective January 1, 2023
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts, effective January 1, 2023

These amendments are not expected to have significant impact on disclosures or amounts reported in the financial statements in the period of initial application.

***Basis of going concern***

Having considered the Group and Company's current financial position and cash flow projections, the Board of Directors believes that the Group and Company will be able to continue in operational existence for at least the next 12 months from the date of approval of these financial statements and that it is appropriate to continue to prepare the financial statements on a going concern basis.

As part of their inquiries, the Board of Directors reviewed budgets, projected cash flows, and other relevant information for a period not less than 12 months from the date of approval of the financial statements for the year ended December 31, 2021.

Key considerations in assessing the going concern assumption included, but were not limited to, the significant cash balance held by the Company along with consistent positive operating cash flows, the continued growth in existing commercial produces, the positive impact from the increase in revenues from commercial sales of product candidates and additional indications of commercial products, if approved. The potential product candidates include Oleogel S-10, on which the CHMP adopted a positive opinion on April 22, 2022, recommending the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the European Commission ("EC") is expected on the Filsuvez® application within 67 days. Additional indications include the development for Mycapssa® in patients with carcinoid symptoms stemming from neuroendocrine tumors ("NET") and label expansion for metreleptin in the treatment of partial lipodystrophy metreleptin ("PL") in the US, each of which represent significant commercial opportunities.

***Basis of consolidation***

The financial statements comprise the financial statements of the Group for the years ended December 31, 2021, and 2020. Subsidiaries are entities controlled by the Company. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intergroup balances and any unrealized gains or losses, income or expenses arising from intergroup transactions are eliminated in preparing the consolidated financial statements.

***Presentation of balances***

The financial statements are presented in U.S. dollars ("US\$"), rounded to the nearest thousand, which is the functional currency of the Company and presentation currency of the Group.

The following table discloses the major exchange rates of those currencies other than the functional currency of US\$ that are utilized by the Group:

<b>Foreign currency units to 1 US\$</b>	<b>€</b>	<b>£</b>	<b>ILS</b>	<b>NOK</b>	<b>DKK</b>
Average period to December 31, 2021	0.8454	0.7271	3.2322	8.5975	6.2875
At December 31, 2021	0.8830	0.7413	3.1115	8.8074	6.5664
<b>Foreign currency units to 1 US\$</b>	<b>€</b>	<b>£</b>	<b>ILS</b>	<b>NOK</b>	<b>DKK</b>
Average period to December 31, 2020	0.8777	0.7799	3.4351	9.4206	6.5432
At December 31, 2020	0.8141	0.7365	3.2148	8.5671	6.0570

(€ = Euro; £ = Pounds Sterling, ILS = Israeli Shekel, NOK = Norwegian Kroner, DKK = Danish Kroner)

***Critical accounting judgements and key sources of estimation uncertainty***

In preparing these financial statements in conformity with IFRS, management is required to make judgements, estimates and assumptions that affect the application of policies and amounts reported in the financial statements and accompanying notes. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting policies which involve significant estimates, assumptions or judgements, the actual outcome of which could have a material impact on the Group and Company's results and financial position outlined below, are as follows:

#### *Valuation of convertible notes*

In conjunction with the accounting for financial instruments, the Group recorded compound financial instruments related to the convertible notes that were issued on September 24, 2019. In determining the classification of the convertible notes, the Group assessed the fixed-for-fixed criteria and considered that this was met and the number of shares that can be converted by holders of the notes is fixed. The compound financial instrument consists of a liability component and an equity component. The liability component is valued using an estimated discounted cash flow calculation based on the future contractual cash flows in the contract which are discounted at a rate of interest an identical financial instrument without a conversion feature would be subject to. Factors that are considered in estimating the prevailing market rate of interest include or are not limited to:

- loan term and maturity;
- repayment profile during the loan term other than interest;
- level of loan security; and
- principal amount of the loan.

Refer to Note 20, *Convertible notes*, for further details.

#### *Valuation of acquired assets*

In conjunction with the accounting for business combinations, the Group recorded intangible assets such as in connection with the Chiasma acquisition and with the Aegerion acquisition, primarily related to developed technology on the commercially marketed products, and inventories which include raw material, work in progress ("WIP") and finished goods. The identifiable intangible assets and inventories are measured at their respective fair values as of the acquisition date. When significant identifiable intangible assets and inventories are acquired, the Group determines the fair values of these assets as of the acquisition date. The models used in valuing these intangible assets and inventories require the use of significant estimates and assumptions including but not limited to:

#### Intangible assets

- estimates of revenues and operating profits related to the products or product candidates;
- the probability of success for unapproved product candidates considering their stages of development;
- the time and resources needed to complete the development and approval of product candidates;
- projecting regulatory approvals;
- developing appropriate discount rates and probability rates by project; and
- tax implications, including the forecasted effective tax rate.

Refer to Note 6, *Business combinations and asset acquisitions*, for further details.

#### Inventories

- estimates of saleable inventory and non-saleable inventory, which was determined by a sales forecast and production timeline; and
- expected selling price and estimated costs of disposal.

#### *Valuation of contingent value rights ("CVRs")*

The Company issued CVRs for payments to its shareholders based on the occurrence of two milestones related to Oleogel-S10, its pipeline product. The CVRs have pre-determined payouts, based on the occurrence of future events. If the events do not occur, the CVRs expire as worthless. The fair value of the CVRs is estimated based on the following key assumptions:

- expected timing of achievement of the two milestones (FDA approval and EMA approval) related to Oleogel-S10;
- probabilities of successful launch of Oleogel-S10;
- revenue forecast related to Oleogel-S10.

The Company believes the carrying value of the CVRs is based upon reasonable estimates and assumptions given the facts and circumstances as of the valuation date. A detailed discussion of the methodology applied and key input assumptions used by the Company is provided in Note 6, *Business combinations and asset acquisitions*, to the financial statements.

*Impairment of intangible assets and goodwill*

The impairment assessment for intangible assets requires management to make significant judgements and estimates to determine the fair value of the assets. Management periodically evaluates and updates the estimates based on the conditions which influence these variables. A detailed discussion of the impairment methodology applied and key assumptions used by the Group in the context of long-lived assets is provided in Note 12, *Intangible assets and goodwill*, to the financial statements. The assumptions and conditions for determining impairment of intangible assets reflect management's best assumptions and estimates, but these items involve inherent uncertainties described above, many of which are not under management's control. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

Goodwill represents the difference between the purchase price and the fair value of the identifiable tangible and intangible net assets acquired in a business combination. Goodwill is not amortized, but instead is reviewed for impairment on an annual basis or when an event becomes known that could trigger an impairment. To perform the annual impairment test of goodwill, the Group has identified the Group cash generating units ("CGUs"). CGUs reflect the lowest level at which goodwill is monitored for internal management purposes. At least once a year, the Group compares the recoverable amount of the Group's CGUs to the CGU's carrying amount. The recoverable amount (value in use) of a CGU is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the CGU. In case that the value in use of the CGU is less than its carrying amount, the difference is at first recorded as an impairment of the carrying amount of the goodwill. The assumptions utilized in the impairment test are dependent on management's estimates, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows, the expected long-term growth rate of the applicable businesses and terminal values. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

*Valuation of contingent consideration*

Contingent consideration arising as a result of business combinations is initially recognized at fair value using a probability adjusted present value model. The fair value of the contingent consideration is updated at each reporting date. The key judgements and estimates applied by management in the determination of the fair value of the contingent consideration relate to the determination of an appropriate discount rate, the assessment of market size and opportunity and probability assessments based on market data for the chance of success of the commercialization of an orphan drug. A detailed discussion of the methodology applied and key input assumptions used by the Group is provided in Note 6, *Business combinations and asset acquisitions*, to the financial statements. The fair value of the contingent consideration uses management's best estimates and judgements and sensitivities have been assessed by management by considering movements in the discount rate applied and movements in revenue forecasts. The chance of success of product development is based on published orphan drug research data and statistics, where available, and management's expertise and experience for orphan drugs and taking into account the unique circumstances applying to approval process of each product. See Note 24, *Fair value measurement and financial risk management*, for quantification of these sensitivities.

*Research and development ("R&D") expenses*

Development costs are capitalized as an intangible asset if all of the following criteria are met:

- completing the asset is technically feasible so that the asset will be available for use or sale;
- there is an intention to complete the asset and use or sell it;
- there is an ability to use or sell the asset;
- the asset will generate probable future economic benefits and demonstrate the existence of a market or the usefulness of the asset if it is to be used internally;
- adequate technical, financial and other resources are available to complete the development of the asset and to use or sell it; and
- there is an ability to measure reliably the expenditure attributable to the intangible asset.

In process R&D acquired as part of a business combination is capitalized at the date of acquisition. Research costs are expensed when they are incurred.

Factors which impact our judgement to capitalize certain research and development expenditures include the degree of regulatory approval for products and the results of any market research to determine the likely future commercial success of products being developed. Management reviews these factors each year to determine whether previous estimates as to feasibility, viability and recovery should be changed.

The assessment whether development costs can be capitalized requires management to make significant judgements. Management has reviewed the facts and circumstances of each project in relation to the above criteria and in management's opinion, the criteria prescribed for capitalizing development costs as assets have not yet been met by the Group in relation to Oleogel-S10 or AP103. Accordingly, all of the Group's costs related to research and development projects are recognized as expenses in the Consolidated Statement of Comprehensive Income/(Loss) in the period in which they are incurred. Management expects that the above criteria will be met on filing of a submission to the regulatory authority for final drug approval or potentially in advance of that on the receipt of information that strongly indicates that the development will be successful.

*Recognition of deferred tax assets*

Deferred tax assets are determined using enacted tax rates for the effects of net operating losses and temporary differences between the book and tax bases of assets and liabilities. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. While management considers the scheduled reversal of deferred tax liabilities, and projected future taxable income in making this assessment, there can be no assurance that these deferred tax assets may be realizable. As at December 31, 2021, the Group did not recognize a deferred tax asset in respect of unused tax losses as described in Note 10, *Tax credit on loss on ordinary activities*.

*Revenue recognition*

Variable Consideration

Product sales revenues are recognized at the net sales price ("transaction price") which includes estimated reserves for variable consideration, upon the transfer of control of the Company's products. Variable consideration primarily includes government rebates. Estimates of variable consideration are made at contract inception and historical experience, market trends, and industry data are considered when assessing such estimates. Variable consideration is included in the transaction price to the extent it is probable that a significant reversal of revenue will not occur. The Company reassesses variable consideration at the end of each reporting period as additional information becomes available with the variance recorded to product sales revenue.

*Inventory obsolescence*

Inventory realizability is evaluated on a case-by-case basis and adjustments are made to inventory provisions based on estimates of expected losses. Inventory write-offs include inventory that is approaching its "expiry" date and for which no further re-processing can be performed. Trends in demand are reviewed to determine whether there are any instances where the realizable value of inventory is likely to be less than its carrying value. Refer to Note 15, *Inventories*, for further details.

*Impairment of investments in subsidiaries*

At each reporting date, the Company reviews the carrying amounts of its investment in subsidiaries. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed. The assessment involves a number of estimates and assumptions such as discount rates and risks affecting the pharmaceutical industry and other risks specific to the Company and subsidiaries. Refer to Note 26, *Investments in subsidiaries*, for further details.

**Principal accounting policies**

Principal accounting policies are summarized below. They have been consistently applied throughout the period covered by the financial statements.

***Revenue recognition***

Revenue arises from the sale of metreleptin, lomitapide, Mycapssa® and Imlan. The Group sells directly to customers and also uses third parties in the distribution of products to customers.

To determine whether to recognize revenue, the Group follows a five-step process, as required by IFRS 15:

- identifying the contract with a customer;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognizing revenue when/as performance obligation(s) are satisfied.



Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods. The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in the Consolidated Statement of Financial Position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its Consolidated Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

*Revenue from sale of goods - Group*

Imlan revenue is generally recognized at a point in time when control of the inventory is transferred, generally the date of shipment, consistent with typical ex-works shipment terms.

Other revenue is generally recognized at a point in time when control of the inventory is transferred to the end customer, generally on delivery of the goods.

*Revenue from provision of services - Company*

The Company provides management services to group subsidiaries, revenue is recognised at a point in time when the Company satisfies performance obligations by providing services to group subsidiaries.

*Principal versus agent considerations*

The Group enters into certain contracts for the sale of its products. This includes agreements with third parties to provide logistics, customer and commercial services, i.e. supply chain function and agreements with distributors. The Group determined that it has control over the goods before they are transferred to the customers and has the ability to direct the use or obtain benefits, hence the Group is the principal on the contracts due to the following factors:

- the Group is primarily responsible for fulfilling the promise to provide the promised goods;
- the Group bears the inventory risk before or after the goods have been ordered by the customer, during shipping or on return;
- the Group has the discretion in establishing the selling price of the goods to customers. The distributors' consideration in these contracts is either the margin fee or commission; and
- the Group is exposed to the credit risk for the amounts receivable from the customers.

Where the above criteria are met, the Group recognizes revenue on a gross basis. The costs associated with the delivery of such goods to customers i.e., the costs associated with the services provided by the distributors to import and deliver the goods are recognized in the cost of sales.

*Variable Consideration*

Product sales revenues are recognized at the net sales price ("transaction price") which includes estimated reserves for variable consideration, upon the transfer of control of the Company's products.

***Financial instruments***

*Recognition and derecognition*

Financial instruments are classified on initial recognition as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement. Financial instruments are initially recognized when the Group or Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

*Classification and initial measurement of financial assets*

Trade receivables are measured at the transaction price in accordance with IFRS 15. All financial assets are initially measured at fair value adjusted for transaction costs, if any.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

The Group or Company did not have any financial assets categorized as FVTPL or FVOCI as at December 31, 2021 and 2020. The classification is determined by both:

- the Group and Company's business model for managing the financial asset; and
- the contractual cash flow characteristic of the financial asset.

*Subsequent measurement of financial assets*

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group and Company's cash and cash equivalents and trade receivables fall into this category of financial instruments.

*Cash and cash equivalents*

Cash comprises cash on hand and bank balances. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

*Restricted cash*

Restricted cash comprises current cash and cash equivalents that are restricted as to withdrawal or usage. Cash held by the Group's distribution partner for Lojuxta on behalf of the Group is treated as restricted cash in the financial statements. The Group also has restricted cash in relation to a deposits in relation to company credit card facilities, leases and importation bonds.

*Trade and other receivables*

Trade and other receivables represent the Group and Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

*Impairment of financial assets*

The Group and Company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Group and Company applies a simplified approach in calculating ECLs. Therefore, the Group and Company do not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date when applicable. The Group and Company assesses ECL based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

*Financial liabilities*

Financial liabilities are categorized as "fair value through profit or loss" or "other financial liabilities measured at amortized costs using the effective interest method."

#### *Trade and other payables*

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortized cost using the effective interest rate method except for short-term payables when the recognition of interest would be immaterial.

#### *Provisions*

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### *Interest bearing loans and borrowings*

Interest-bearing loans and borrowings are recognized initially at fair value less attributable transaction costs. Loans and borrowings are subsequently carried at amortized cost using the effective interest method. Interest is charged to the Consolidated Statement of Comprehensive Income/(Loss).

#### *Convertible notes*

Convertible notes are first assessed to determine classification as a financial liability or equity instrument for the financial instrument as a whole and components thereof. The initial carrying amount of a compound financial instrument is allocated to its equity and liability components.

The two components are evaluated first by measuring the fair value of the liability component. The fair value of the liability component is assessed using a discounted cash flow calculation based on the future contractual cash flows in the contract which are discounted at an estimated market prevailing rate of interest an identical financial instrument without a conversion feature would be subject to. The equity component is measured by determining the residual of the fair value of the instrument less the estimated fair value of the liability component.

The liability component is carried at amortized cost. Interest is calculated by applying the estimated prevailing market interest rate at the time of issue. The equity component is recognized in equity and is not subsequently remeasured.

#### *Contingent consideration*

Contingent consideration arising as a result of business combinations is initially recognized at fair value using a probability adjusted present value model. Key inputs in the model include the probability of a successful launch of Oleogel-S10 and the expected timing of potential revenues. The fair value of the contingent consideration will be updated at each reporting date. Adjustments to contingent consideration are recognized in the Consolidated Statement of Comprehensive Income/(Loss).

#### *Offsetting financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated and Company Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### ***Inventories***

Inventories, that are not acquired as part of a business combination, are valued at the lower of cost or net realizable value. Amryt uses standard cost to value its inventory which is made up of raw materials, Work in progress ("WIP") and finished goods. It accounts for the inventory using the first-in, first-out ("FIFO") method. Standard costs take into account normal levels of materials and supplies, labor, efficiency and capacity utilization with the Group's vendors. WIP valuation is based on the stage of quality checks successfully performed during the production process. An inventory valuation adjustment is made if the net realizable value is lower than the book value. Net realizable value is determined as estimated selling prices less all costs of completion and costs incurred in selling and distribution.

Inventories held by third-party supply chain partners are included in inventory totals when control has deemed to be transferred to the Group under the contract terms of the distribution agreement. The cost to acquire the inventory held by the supply chain partners is recognized as a liability of the Group.

Inventories acquired as part of a business acquisition is valued at fair value as at the acquisition date. Fair value is based on estimates of saleable inventory and non-saleable inventory, which was determined by a sales forecast and production timeline and expected selling price and estimated costs of disposal. The resulting step up in the valuation of saleable inventory on acquisition is unwound over the period in which the saleable inventory is sold.

### ***Leases***

A lease is defined as a contract that conveys the right to use an underlying asset for a period of time in exchange for consideration. A contract is or contains a lease if:

- the underlying asset is identified in the contract; and
- the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Under IFRS 16, the Group is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments for almost all leases.

### ***Lease liabilities***

Lease liabilities are initially recognized at the present value of the following payments, when applicable:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments (linked to an index or interest rate);
- expected payments under residual value guarantees;
- the exercise price of purchase options, where exercise is reasonably certain;
- lease payments in optional renewal periods, where exercise of extension options is reasonably certain; and
- penalty payments for the termination of a lease, if the lease term reflects the exercise of the respective termination option.

Lease payments are discounted using the implicit interest rate underlying the lease if this rate can be readily determined. Otherwise, the incremental borrowing rate is used as the discount rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Furthermore, lease liabilities may be remeasured due to lease modifications or reassessments of the lease. A lease modification is any change in lease terms that was not part of the initial terms and conditions of the lease, including increases of the scope of the lease by adding the right to use one or more underlying assets or extending the contractual lease term, decreases of the scope of the lease by removing the right to use one or more underlying assets or shortening the contractual lease term or changes in the consideration. Reassessments are changes in estimates or changes triggered by a clause that was part of the initial lease contract, including changes in future lease payments arising from a change in an index or rate, change in the Group's estimate of the amount expected to be payable under residual value guarantees or change in the Group's assessment of whether it will exercise purchase, extension or termination options.

#### *Right-of-use assets*

The Group recognizes right-of-use assets at the commencement date of the respective lease. Right-of-use assets are stated at cost less accumulated depreciation. Upon initial recognition, cost comprises:

- the initial lease liability amount;
- initial direct costs incurred when entering into the lease;
- (lease) payments before commencement date of the respective lease;
- an estimate of costs to dismantle and remove the underlying asset; and
- less any lease incentives received.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. In addition, right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements.

#### **Foreign currency translation**

##### *Presentation currency*

The Group translates foreign currency transactions into its presentational currency, US\$, as described in “Presentation of balances” above.

##### *Functional currency*

The Company’s functional currency is US\$.

Transactions in currencies other than the functional currency of the Group entities are recorded at the exchange rates prevailing at the dates of the related transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the Consolidated Statement of Comprehensive Income/(Loss). At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated to the respective functional currencies of the Group’s entities at the rates prevailing on the relevant balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions.

The financial statements of the Group’s foreign subsidiaries, where the local currency is the functional currency, are translated using exchange rates in effect at the end of the year for assets and liabilities and average exchange rates during the year for results of operations. The resulting foreign currency translation adjustment is recognized in other comprehensive income.

#### **Property, plant and equipment**

Property, plant and equipment is comprised of property and office equipment. Items of property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses. It is not Group policy to revalue any items of property, plant and equipment.

Depreciation is charged to the Consolidated Statement of Comprehensive Income/(Loss) on a straight-line basis to write-off the cost of the assets over their expected useful lives as follows:

- Property, plant and machinery 5 to 15 years
- Office equipment 3 to 10 years

#### **Government grants**

Grants are recognized when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received. Grants that compensate the Group for expenses incurred such as research and development, employment and training are offset against the related expenditure in the Consolidated Statement of Comprehensive Income/(Loss) on a systematic basis as the Group recognizes as expenses the costs that the grants are intended to compensate. Grants that compensate the Group for the cost of an asset are deducted from the cost of the asset.

### ***Business combinations***

Business combinations, including the Chiasma acquisition, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Fair values are attributed to the identifiable assets and liabilities unless the fair value cannot be measured reliably, in which case the value is subsumed into goodwill. In the consolidated financial statements, acquisition costs incurred are expensed and included in restructuring and acquisition costs.

To the extent that settlement of all or any part of the consideration for a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value at the date of the exchange. The discount component is unwound as an interest charge in the Consolidated Statement of Comprehensive Income/(Loss) over the life of the obligation. Any contingent consideration is recognized at fair value at the acquisition date and included in the cost of the acquisition. The fair value of contingent consideration at acquisition date is arrived at through discounting the expected payment (based on scenario modelling) to present value. In general, in order for contingent consideration to become payable, pre-defined revenues and/or milestone dates must be exceeded. Subsequent changes to the fair value of the contingent consideration will be recognized in profit or loss unless the contingent consideration is classified as equity, in which case it is not remeasured and settlement is accounted for within equity.

When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the consideration, identifiable assets or liabilities (and contingent liabilities, if relevant) are made within the measurement period, a period of no more than one year from the acquisition date.

The acquisition of pharmaceutical patents and licenses is effected through a non-operating corporate structure. As these structures do not represent a business, it is considered that the transactions do not meet the definition of a business combination. Accordingly, the transactions are accounted for as the acquisition of an asset. The net assets acquired are recognized at cost.

### ***Intangible assets***

#### ***Acquired intangible assets***

Intangible assets primarily relate to developed technology on the Group's commercially marketed products and IPR&D. Intangible assets are recorded at fair value at the time of their acquisition and are stated in the Consolidated Statement of Financial Position, net of accumulated amortization and impairments, if applicable.

In connection with the acquisition of Chiasma, the Group acquired developed technology related to Mycapssa®, which is amortized over the remaining patent lives through February 2036.

In connection with the acquisition of Aegerion, the Group acquired developed technology on metreleptin and lomitapide, which are amortized over the remaining patent lives through February 2026 and August 2027, respectively.

Intangible assets acquired in 2016 as part of the acquisitions of Amryt GmbH are currently not being amortized as the assets are still under development.

Acquired intangible assets outside business combinations are stated at the lower of cost less provision for amortization and impairment or the recoverable amount. Acquired intangible assets are amortized over their expected useful economic life on a straight-line basis. In determining the useful economic life, each acquisition is reviewed separately and consideration is given to the period over which the Group expects to derive economic benefit.

The useful life of other acquired intangible assets is as follows:

- Software and hardware 3 to 10 years
- Website development 5 to 10 years

Factors which impact our judgement to capitalize certain research and development expenditures include the degree of regulatory approval for products and the results of any market research to determine the likely future commercial success of products being developed. Management reviews these factors each year to determine whether previous estimates as to feasibility, viability and recovery should be changed.

### *Goodwill*

Goodwill represents the difference between the purchase price and the fair value of the identifiable tangible and intangible net assets acquired in a business combination. Goodwill is not amortized, but instead is reviewed for impairment on an annual basis or when an event becomes known that could trigger an impairment.

### ***Investments in subsidiaries***

Investments in subsidiaries are stated at cost less impairment.

### ***Impairment of non-financial assets***

At each reporting date, the Group and Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Any impairment loss arising from the review is charged to the Consolidated and Company Statement of Comprehensive Income/(Loss).

The Group assesses each asset or cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the carrying value and an assets recoverable amount (the greater of fair value less costs to sell and value in use). These assessments require the use of estimates and assumptions such as discount rates, future capital requirements, general risks affecting the pharmaceutical industry and other risks specific to the individual asset. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of estimated future cash flows arising from the continued use of the asset, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets are grouped into the smallest group that generates cash inflows which are independent of other assets.

### ***Taxes***

Tax comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and taking into account any adjustments stemming from prior years. Deferred tax assets or liabilities are recognized where the carrying value of an asset or liability in the Consolidated Statement of Financial Position differs to its tax base and is accounted for using the statement of financial position liability method. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

In connection with business combinations, deferred tax balances are recognized if related to temporary differences and loss carry-forwards at the acquisition date or if they arise as a result of the acquisition and are measured in accordance with IAS 12 *Income Taxes*.

### ***Share-based payments***

The Company issues equity-settled awards as an incentive to certain senior management, employees and consultants. These equity-settled awards include employee share options and restricted share units ("RSUs").

In the consolidated financial statements, the fair value of equity-settled awards granted is recognized as an expense with a corresponding credit to the share-based payment reserve. In the Company financial statements, the fair value of the equity-settled awards granted by the Company is recognized as an expense, for those that relate to awards granted to employees of the Company, and as an investment in subsidiary, for those awards granted that relate to employees of the Company's subsidiaries. The fair value is measured at grant date and spread over the period during which the awards vest.

For equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If it is not possible to estimate reliably the fair value of the goods or services received, the fair value of the equity instruments granted as calculated using the Black-Scholes model is used as a proxy. Share-based compensation for RSUs awarded to employees and directors is calculated based on the market value of the Company's shares on the date of award of the RSUs and the value of



awards expected to vest is recognized as an expense over the requisite service periods. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

The Company may issue warrants to key consultants, advisers and suppliers in payment or part payment for services or supplies provided to the Group and Company. The fair value of warrants granted is recognized as an expense. The corresponding credits are charged to the share-based payment reserve. The fair value is measured at grant date and spread over the period during which the warrants vest. The fair value is measured using the Black-Scholes model if the fair value of the services received cannot be measured reliably.

The estimate of the fair value of services received is measured based on the Black-Scholes model using input assumptions, including weighted average share price, expected volatility, weighted average expected life and expected yield. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility is based on the historical volatility. The Group has considered how future experience may affect historical volatility.

### ***Employee Benefits***

#### ***Defined contribution plans***

The Group operates defined contribution schemes in various locations where employees are based. Contributions to the defined contribution schemes are recognized in the Consolidated Statement of Comprehensive Income/(Loss) in the period in which the related services are received from the employee. Under these schemes, the Group has no obligation, either legal or constructive, to pay further contributions in the event that the fund does not hold sufficient assets to meet its benefit commitments.

### ***Earnings/Loss per share***

#### ***Basic earnings per share***

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### ***Diluted earnings per share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.



### 3. Segment information

The Group is a global, commercial-stage biopharmaceutical company dedicated to commercializing and developing novel therapeutics to treat patients suffering from serious and life-threatening rare diseases.

The Group currently operates as one business segment, pharmaceuticals, and is focused on the development and commercialization of three commercial products and a number of development products. The Group derives its revenues primarily from one source, being the pharmaceutical sector with high unmet medical need.

The Group's Chief Executive Officer, Joseph Wiley, is currently the Company's chief operating decision maker ("CODM"). The Group does not operate any separate lines of business or separate business entities with respect to its products. Accordingly, the Group does not accumulate discrete financial information with respect to separate service lines and does not have separate reportable segments.

The following table summarizes total revenues from external customers by product and by geographic region, based on the location of the customer. Revenues represent the revenue from the Group for the full year. The current year revenues include Mycapssa® revenue following the acquisition of Chiasma on August 5, 2021. The 2019-year revenues include revenue from Aegerion, with acquired products and additional regions, from September 24, 2019.

December 31, 2021				
	U.S.	EMEA	Other	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Metreleptin	70,216	51,769	19,257	141,242
Lomitapide	32,901	28,601	12,365	73,867
Mycapssa®	6,407	—	—	6,407
Other	—	766	261	1,027
<b>Total revenue</b>	<b>109,524</b>	<b>81,136</b>	<b>31,883</b>	<b>222,543</b>

December 31, 2020				
	U.S.	EMEA	Other	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Metreleptin	60,568	32,494	13,810	106,872
Lomitapide	37,317	26,144	11,289	74,750
Mycapssa®	—	—	—	—
Other	—	763	222	985
<b>Total revenue</b>	<b>97,885</b>	<b>59,401</b>	<b>25,321</b>	<b>182,607</b>

#### Major Customers

For the year ended December 31, 2021, one customer accounted for 46% of the Group's net revenues (2020: 54%) and accounted for 36% of the Group's December 31, 2021, accounts receivable balance (2020: 42%).

#### 4. Cost of sales

	December 31,	
	2021	2020
	US\$'000	US\$'000
Cost of product sales	22,029	21,796
Write-down of inventories (see Note 15)	5,688	4,058
Reversal of write-down of inventories (see Note 15)	(932)	—
Amortization of acquired intangibles (see Note 12)	48,944	42,966
Amortization of inventory fair value step-up (see Note 15)	4,417	27,617
Royalty expenses	25,973	22,592
<b>Total cost of sales</b>	<b>106,119</b>	<b>119,029</b>

As a result of the acquisition of Chiasma and Aegerion in August 2021 and September 2019, respectively, the Group acquired certain inventory, which were measured at fair value on the acquisition date. Refer to Note 2, *Accounting policies*, for further discussion on the key assumptions utilized to estimate the fair value. Refer to Note 15, *Inventories*, for further discussion on the write-down of inventories. The difference between the estimated fair value and the book value of the acquired inventory was amortized, using the straight-line method, over the estimated period that the Group intends to sell this inventory.

#### 5. Share based payments

##### Share-based Compensation Plans

##### *Amryt's Equity Incentive Plan*

Amryt's Equity Incentive Plan was adopted by a special resolution on September 23, 2019. Prior to such date, we granted options under a prior employee share option plan, which had the same terms and conditions as the Equity Incentive Plan. On September 24, 2019, all options held under our prior share option plan were rolled over into options to subscribe for our ordinary shares with the key terms including strike price, vesting and the expiration date of such rolled over options remaining the same as they were on the issue date of the options under the prior share option plan. The Equity Incentive Plan was approved for amendment by the Board on May 18, 2020, and August 3, 2021. The purpose of the Plan is to provide for the granting of Equity Incentives to Directors and Employees of, and Consultants to, the Company or any Associated Company.

On July 10, 2019, the shareholders of the Company approved a resolution to give authority to the Company to undertake a consolidation of the existing ordinary shares in the capital of the Company under which every six existing ordinary shares were consolidated into one ordinary share. In the table below, for presentational purposes, the number of share options under the Amryt's Equity Incentive Plan outstanding at January 1, 2019 and the share options granted and lapsing during the year ended December 31, 2019 have been restated to reflect the 2019 6-for-1 share consolidation.

##### *Chiasma Equity Incentive Plan*

When Amryt acquired Chiasma in August 2021, the Chiasma Stock Option and Incentive Plan transferred across to Amryt. Each outstanding and unexercised Chiasma Stock Option or RSU, whether vested or not vested, ceased to represent a right to acquire shares of Chiasma common stock and were converted into an option to purchase Amryt ADSs on the same terms and conditions as were applicable under such Chiasma Stock Option and Incentive Plan immediately prior to the acquisition.

No new stock option or RSUs will be granted under the Chiasma stock option and incentive plan.

##### **Terms and Conditions of New Grants and Grants Under the Chiasma Equity Incentive Plan**

The terms and conditions of new grants are as follows, whereby all options are settled by physical delivery of shares:

##### Vesting conditions

The employee share options vest following a period of service by the officer or employee. The required period of service is determined by the Remuneration Committee at the date of grant of the options (usually the date of approval by the Remuneration Committee). There are no market conditions associated with the share option vesting periods.

**Amryt Pharma plc**  
**Notes to the Financial Statements Continued**  
For the year ended December 31, 2021

**Contractual life**

The term of an option is determined by the Remuneration Committee provided that the term may not exceed a period of seven to ten years from the date of grant. All options will terminate 90 days after termination of the option holder's employment, service or consultancy with the Group except where a longer period is approved by the Board of Directors. Under certain circumstances involving a change in control of the Group, some options will automatically accelerate and become exercisable in full as of a date specified by the Board of Directors.

The number and weighted average exercise price (in Sterling pence) of share options per ordinary share granted under Amryt's Equity Incentive Plan and the Chiasma stock option and incentive plan is as follows:

	<b>Amryt Equity Incentive Plan</b>		<b>Chiasma Stock Option and Incentive Plan</b>	
	<b>Units</b>	<b>Weighted average exercise price (Sterling pence)</b>	<b>Units</b>	<b>Weighted average exercise price (Sterling pence)</b>
Balance at January 1, 2020	14,481,720	116.00p	—	—
Granted	4,432,000	144.76p	—	—
Lapsed	(87,119)	113.42p	—	—
Exercised	(72,953)	120.72p	—	—
<b>Outstanding at December 31, 2020</b>	<b>18,753,648</b>	<b>122.79p</b>	<b>—</b>	<b>—</b>
<b>Exercisable at December 31, 2020</b>	<b>5,866,152</b>	<b>114.24p</b>	<b>—</b>	<b>—</b>
Balance at January 1, 2021	18,753,648	122.79p	—	—
Granted	11,337,459	190.88p	—	—
Transferred to Amryt on acquisition	—	—	18,139,060	189.07p
Forfeited	(1,288,165)	174.97p	(4,098,425)	226.22p
Exercised	(300,000)	93.00p	(3,320,515)	116.35p
<b>Outstanding at December 31, 2021</b>	<b>28,502,942</b>	<b>147.83p</b>	<b>10,720,120</b>	<b>197.40p</b>
<b>Exercisable at December 31, 2021</b>	<b>9,347,338</b>	<b>118.87p</b>	<b>8,005,390</b>	<b>192.35p</b>

The fair value of the Amryt equity award is estimated at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions attached to the grant. The fair value of the Chiasma equity awards transferred to Amryt on acquisition were measured in accordance with IFRS 2. The portion of the value of the equity transferred to Amryt attributable to pre-combination service is included in the consideration at the date of acquisition. The portion of the equity awards transferred to Amryt attributable to post combination service is estimated at the date of transfer using Black Scholes pricing model, taking into account the terms and conditions attached to the grant.

The following are the inputs to the model for the equity instruments granted during the year:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>Options Inputs</b>	<b>Options Inputs</b>
Days to Expiration	2,555	2,555
Volatility	32% - 49%	33% - 37%
Risk free interest rate	0.77% - 1.33%	0.39% - 0.46%
Share price at grant per ordinary share	146.87 - 201.2p	123.5p - 178.9p
Share price at grant per ADS	29.37 - 40.2p	24.7p - 35.78p

In the year ended December 31, 2021, a total of 11,337,459 share options over ordinary shares exercisable at a weighted average price of £1.91 were granted. The fair value of share options granted in the year ended December 31, 2021, was £21,641,094/US\$29,818,000.

The share options outstanding under the Amryt 2021 Equity Incentive Plan as at December 31, 2021 have a weighted remaining contractual life of 5.42 years with exercise prices ranging from £0.76 to £2.012 per ordinary share.

The share options outstanding under the Chiasma Share Option and Incentive Plan transferred across to Amryt on acquisition. As at December 31, 2021 they have a weighted remaining contractual life of 4.35 years with exercise prices ranging from £0.54 to £7.41 per ordinary share. No new share options will be granted under the Chiasma Stock Option and Incentive Plan.

In the year ended December 31, 2020, a total of 4,432,000 share options exercisable at a weighted average price of £1.4476 were granted. The fair value of share options granted in the year ended December 31, 2020, was £6,416,000/US\$8,230,000. In 2019, a total of 11,330,641 share options exercisable at a weighted average price of £1.17 were granted. The fair value of share options granted in 2019 were £13,258,000/US\$16,919,000.

The share options outstanding as at December 31, 2020, have a weighted remaining contractual life of 5.45 years with exercise prices ranging from £0.76 to £1.79.

#### **Restricted Share Units**

Under the terms of Amryt's Equity Incentive Plan, restricted share units ("RSUs") to purchase 1,568,755 ordinary shares were outstanding at December 31, 2021. Under the terms of this plan, RSUs are granted to officers, consultants and employees of the Group at the discretion of the Remuneration Committee. For the year ended December 31, 2021, a total of 625,205 RSUs were granted to employees of the Company. For the year ended December 31, 2020, a total of 1,556,960 RSUs were granted to employees of the Company. The fair value of the RSUs is based on the share price at the date of grant, with the expense spread over the vesting period. The fair value of RSUs granted in the year ended December 31, 2021, was US\$1,636,000. At December 31, 2021, the total RSUs granted to date have a weighted remaining contractual life of 1.9 years.

Under the terms of Chiasma's Stock Option and Incentive Plan transferred to Amryt on acquisition, restricted share units ("RSUs") to purchase 106,560 ordinary shares were outstanding at December 31, 2021. At December 31, 2021, the total RSUs granted to date have a weighted remaining contractual life of 1.9 years. No new RSUs will be granted under the Chiasma Stock Option and Incentive Plan.

The following table summarizes the RSU activity per ordinary share for the year:

	<b>Amryt Equity Incentive Plan</b>		<b>Chiasma Stock Option and Incentive Plan</b>	
	<b>Units</b>	<b>Weighted average fair value (US\$)</b>	<b>Units</b>	<b>Weighted average fair value (US\$)</b>
Balance at January 1, 2020	—	—	—	—
Granted	1,556,960	\$2.34	—	—
Lapsed	(7,050)	\$2.32	—	—
Exercised	—	—	—	—
<b>Outstanding at December 31, 2020</b>	<b>1,549,910</b>	<b>\$2.34</b>	—	—
Balance at January 1, 2021	1,549,910	\$2.34	—	—
Granted	625,205	\$2.62	—	—
Transferred to Amryt on acquisition	—	—	202,145	\$2.75
Lapsed	(243,505)	\$2.35	(56,405)	\$2.75
Vested	(362,855)	\$2.34	(39,180)	\$2.75
<b>Outstanding at December 31, 2021</b>	<b>1,568,755</b>	<b>\$2.44</b>	<b>106,560</b>	<b>\$2.75</b>

#### **Warrants**

There are no outstanding warrants at December 31, 2021 (December 31, 2020: 9,312,062). In August 2021, an Amryt institutional investor exercised subscription rights relating to 8,966,520 zero cost warrants. These warrants were issued in September 2019 as part of the Company's acquisition of Aegerion. Certain institutional investors elected to receive warrants to subscribe for new ordinary shares of £0.06 each in Amryt ("Ordinary Shares"), in place of the same number of Ordinary Shares, as consideration for the Company's acquisition of Aegerion and their equity investments in the Company in September 2019. Each warrant entitled the holder to subscribe for one Ordinary Share for no additional consideration.

Separate warrants consisting of 345,542 as at December 31, 2020, which were issued in connection with the admission to the AIM in 2016, are no longer outstanding; 283,389 warrants were exercised in March 2021 and 62,153 warrants lapsed in April 2021.

The 2016 Warrants outstanding as at December 31, 2020 have a weighted remaining contractual life of 0.3 years with an exercise price of £1.44.

The number and weighted average exercise price (in Sterling pence) of warrants per ordinary share is as follows:

	<b>Warrants</b>	
	<b>Units</b>	<b>Weighted average exercise price (Sterling pence)</b>
Balance at January 1, 2020	17,541,815	0.03p
Granted	—	—
Lapsed	—	—
Exercised	(8,229,753)	—
<b>Outstanding at December 31, 2020</b>	<b>9,312,062</b>	<b>0.05p</b>
<b>Exercisable at December 31, 2020</b>	<b>9,312,062</b>	<b>0.05p</b>
Balance at January 1, 2021	9,312,062	0.05p
Granted	—	—
Lapsed	(62,153)	1.44p
Exercised	(9,249,909)	0.05p
<b>Outstanding at December 31, 2021</b>	<b>—</b>	<b>0.00p</b>

The Company grants rights to its shares under the share-based payment arrangements with directors of the Company and employees of the Group. For the share options of the directors of the Company the share-based payment is recognized in equity with a corresponding expense recognized in the Company Statement of Comprehensive loss. For the share options and RSUs of employees that are not employed by the Company, the Company recognizes the share-based payment in equity with a corresponding increase in the investment in subsidiary in the Company Statement of Financial Position.

The value of share options and RSU's charged to the Consolidated Statement of Comprehensive Income/(Loss) during the year are detailed below:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Share option expense	6,531	4,134
RSU expense	1,810	595
<b>Total share option expense</b>	<b>8,341</b>	<b>4,729</b>

## **6. Business combinations and asset acquisitions**

### **Acquisition of Chiasma**

On May 5, 2021, Amryt announced that it had signed a definitive agreement to acquire Chiasma, Inc. (Nasdaq: CHMA) in an all-stock combination. Under the terms of the transaction, each share of Chiasma common stock issued and outstanding prior to the consummation of the transaction was exchanged for 0.396 Amryt American Depositary Shares ("ADSs"), each representing five Amryt ordinary shares.

On August 5, 2021, Amryt completed the acquisition of Chiasma, Inc. and, in conjunction with the completion, Amryt allotted and issued a total of 127,733,680 ordinary shares as consideration for the acquisition. Following the completion, shareholdings in Chiasma were rounded in being converted to Amryt shares using the exchange ratio of 0.396. Roundings in converting Chiasma shareholdings to Amryt shares were finalized in August 2021 and resulted in an additional 7,015 ordinary shares being allotted and issued by Amryt as consideration for the acquisition. In total, these ordinary shares were issued to the former Chiasma Shareholders in the form of 25,548,139 ADSs at US\$10.19 per share, to acquire Chiasma for a value of US\$260,336,000.

On August 5, 2021, Chiasma had outstanding equity awards that were held by Chiasma employees. The fair value of these awards transferred to Amryt on acquisition were measured in accordance with IFRS 2. The portion of the value of the equity transferred to Amryt attributable to pre-combination service is included in the consideration at the date of acquisition and this amounted to US\$10,157,000.

On August 5, 2021, the Group repaid US\$116,629,000 of Chiasma long term debt.

The combined company will be a global leader in rare and orphan diseases with three on-market commercial products, a global commercial and operational footprint and a significant development pipeline of therapies with the financial flexibility to execute its growth plans.

The table below reflects the fair value of the identifiable net assets acquired in respect of the acquisition completed during the period. Any amendments to fair values will be made within the twelve-month period from the date of acquisition, as permitted by IFRS 3: Business Combinations.

The acquired goodwill is attributable principally to the profit generating potential of the businesses, the assembled workforce and benefits arising from embedded infrastructure, that are expected to be achieved from integrating the acquired businesses into the Group's existing business. No amount of goodwill is expected to be deductible for tax purposes.

In the post-acquisition period to December 31, 2021, the business acquired during the current year contributed revenue of US\$6,407,000 and a trading loss of US\$22,602,000 including restructuring and acquisition costs, to the Group's results. The full year unaudited revenue and trading loss for the Group had the acquisitions taken place at the start of the year, would have been US\$228,554,000 and US\$82,532,000, respectively.

The gross contractual value of trade and other receivables as at the dates of acquisition amounted to US\$7,180,000, which approximated the fair value of these accounts as the amount not expected to be collected was insignificant.

The Group incurred acquisition and restructuring related costs of US\$16,947,000 for the year ended December 31, 2021, relating to external legal fees, advisory fees, due diligence costs and severance costs related to the acquisition of Chiasma. These costs have been included in operating costs in the Consolidated Statement of Comprehensive Income/(Loss).

**Amryt Pharma plc**  
**Notes to the Financial Statements** *Continued*  
For the year ended December 31, 2021

	<b>Recognized Fair Values as at August 5, 2021</b>
	<b>US\$'000</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Intangible Assets	215,000
Property, plant and equipment	950
Other non-current assets	866
<b>Total non-current assets</b>	<b>216,816</b>
<b>Current assets</b>	
Trade and other receivables	7,180
Inventories	65,907
Cash and cash equivalents, including restricted cash	107,942
<b>Total current assets</b>	<b>181,029</b>
<b>Total assets</b>	<b>397,845</b>
<b>Non-current liabilities</b>	
Deferred tax liability	21,478
<b>Total non-current liabilities</b>	<b>21,478</b>
<b>Current liabilities</b>	
Trade and other payable	144,482
<b>Total current liabilities</b>	<b>144,482</b>
<b>Total liabilities</b>	<b>165,960</b>
<b>Total identifiable net assets at fair value</b>	<b>231,885</b>
Goodwill arising on acquisition	38,608
<b>Consideration</b>	<b>270,493</b>
<b>Consideration</b>	
Issue of fully paid up ordinary shares	260,336
Chiasma equity awards recognized as consideration transferred upon the acquisition of Chiasma	10,157
<b>Total consideration</b>	<b>270,493</b>

Any amendments to these fair values within the twelve-month timeframe from the date of acquisition will be disclosed in the 2022 consolidated financial statements, as stipulated by IFRS 3.

**Acquisition of Aegerion Pharmaceuticals**

On May 20, 2019, Amryt entered into a Restructuring Support Agreement (as subsequently amended on June 12, 2019) and Plan Funding Agreement pursuant to which, among other matters, Amryt agreed to the acquisition of Aegerion Pharmaceuticals, Inc. ("Aegerion", subsequently renamed as Amryt Pharmaceuticals Inc.), a former wholly-owned subsidiary of Novilion Therapeutics Inc. ("Novilion"). On May 20, 2019, Aegerion and its U.S. subsidiary, Aegerion Pharmaceuticals Holdings, Inc., filed voluntary petitions under Chapter 11 of Title 11 of the U.S. Code in the Bankruptcy Court. On September 24, 2019, Amryt completed the acquisition of Aegerion. Amryt acquired Aegerion upon its emergence from bankruptcy in an exchange for ordinary shares and zero cost warrants in Amryt. Amryt issued 85,092,423 effective shares at US\$1.793 per share, which is made up of 77,027,423 ordinary shares and 8,065,000 zero cost warrants, to acquire Aegerion for a value of US\$152,615,000.

As part of the acquisition of Aegerion, it was agreed, for certain Aegerion creditors who wished to restrict their percentage share interest in Amryt's issued share capital, to issue to the relevant Aegerion creditor, as an alternative to Amryt's ordinary shares, an equivalent number of new zero cost warrants to subscribe for Amryt's ordinary shares to be constituted on the terms of the zero cost warrant. As at December 31, 2021, no zero cost warrants were remaining.



During the year ended December 31, 2021, the Group incurred no additional acquisition and restructuring related costs relating to external legal fees, advisory fees, due diligence costs and severance costs related to the acquisition of Aegerion (2020: US\$1,017,000).

#### **Contingent Value Rights**

Related to the Aegerion acquisition, Amryt issued Contingent Value Rights ("CVRs") pursuant to which up to US\$85,000,000 may become payable to Amryt's shareholders and optionholders, who were on the register prior to the completion of the acquisition on September 20, 2019, if certain approval and revenue milestones are met in relation Oleogel-S10, Amryt's lead product candidate. If any such milestone is achieved, Amryt may elect to pay the holders of CVRs by the issue of Amryt shares or loan notes. If Amryt elects to issue Loan Notes to holders of CVRs, it will settle such loan notes in cash 120 days after their issue. If none of the milestones are achieved, scheme shareholders and optionholders will not receive any additional consideration under the terms of the CVRs. In these circumstances, the value of each CVR would be zero.

The terms of the CVRs are as follows:

- The total CVR payable is up to US\$85,000,000
- This is divided into three milestones which are related to the success of Oleogel-S10 (the Group's lead development asset)
- FDA approval
  - US\$35,000,000 upon FDA approval
  - 100% of the amount due if approval is obtained before December 31, 2021, with a sliding scale on a linear basis to zero if before July 1, 2022
- EMA approval
  - US\$15,000,000 upon EMA approval
  - 100% of the amount due if approval is obtained before December 31, 2021, with a sliding scale on a linear basis to zero if before July 1, 2022
- Revenue targets
  - US\$35,000,000 upon Oleogel-S10 revenues exceeding US\$75,000,000 in any 12-month period prior to June 30, 2024
- Payment can at the Board's discretion be in the form of either:
  - 120-day loan notes (effectively cash), or
  - Shares valued using the 30 day / 45-day VWAP.

The CVRs were contingent on the successful completion of the acquisition of Aegerion. The CVRs have been classified as a financial liability in the Consolidated Statement of Financial Position. Given that CVRs were issued to legacy Amryt shareholders in their capacity as owners of the identified acquirer as opposed to the seller in the transaction, management concluded that the most appropriate classification would be to recognize the CVR as a distribution on consolidation instead of goodwill.

#### **Measurement of CVRs**

As at December 31, 2021, the carrying value in the Consolidated financial statements of the CVRs was US\$19,892,000 (December 31, 2020: US\$61,417,000). In the Company financial statements, the carrying value of the CVRs as at December 31, 2020, was US\$49,355,000. The difference in the carrying value as at December 31, 2020, in the Company financial statements compared to the Consolidated financial statements is due to the timing of approval of financial statements and driven by additional information available on the conditions as at the reporting date. Separate to the previously issued audited consolidated financial statements for the year December 31, 2020, for the Company and its subsidiaries, Company only accounts were prepared for statutory filings for the period ended December 31, 2020.

The value of the potential payout was calculated using the probability-weighted expected returns method. Using this method, the potential payment amounts were multiplied by the probability of achievement and discounted to present value. The probability adjusted present values took into account published orphan drug research data and statistics which were adjusted by management to reflect the specific circumstances applicable to the type of product acquired in the Amryt GmbH transaction. The probability chance of success, based on management's expertise and experience for orphan drugs and taking into account the unique circumstances applying to approval process of this product, was estimated at 60% for the FDA approval (2020: 89%) and 100% for the EMA approval (2020: 89%) in the year ended December 31, 2021. This estimate reflects the current facts and circumstances as of the date of issuance of the Consolidated Financial Statements. The probability chance of success was updated in 2021 following the receipt of a CRL from the FDA, which asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB, and following positive opinion adopted by the CHMP, recommending the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days. The CHMP positive opinion is supported by Phase 3 data from the EASE trial which was the largest ever global trial conducted in



patients with EB, performed across 58 sites in 28 countries. Discount rates of 10% and 16.5%, as applicable, were used in the calculation of the present value of the estimated contractual cash flows for the year ended December 31, 2021, based on the applicable rates determined on the acquisition date. Management was required to make certain estimates and assumptions in relation to revenue forecasts, timing of revenues and probability of achievement of commercialization of Oleogel-S10. However, management notes that, due to issues outside their control (i.e. regulatory requirements and the commercial success of the product), the timing of when such revenue targets may occur may change. Such changes may have a material impact on the assessment of the expected cash flows of the CVRs.

Amryt reviews the expected cash flows on a regular basis as the discount on initial recognition is being unwound as financing expenses in the Consolidated Statement of Comprehensive Income/(Loss) over the life of the obligation. It is reviewed on a quarterly basis and the appropriate finance charge or gain is booked in the Consolidated Statement of Comprehensive Income/(Loss) on a quarterly basis. The Group received positive topline data from the phase 3 EASE trial of Oleogel-S10 in September 2020. The product does not currently have regulatory approval to treat EB but has been submitted to the FDA for approval and in June 2021, Amryt received confirmation from the FDA that its NDA for Oleogel-S10 had been accepted and granted priority review. On February 28, 2022, Amryt announced that the FDA communicated that it had completed its review of the NDA for Oleogel-S10 and has determined that the application cannot be approved in its present form. The FDA has asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB. Amryt intends to discuss with the FDA the nature of the data required to address the Agency's concerns. In Europe, a MAA for Oleogel-S10 was accepted for assessment by the EMA in March 2021. The positive opinion recommends the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days.

The total non-cash gain recognized in the Consolidated Statement of Comprehensive Income/(Loss) for the year ended December 31, 2021, is US\$41,525,000 (2020: US\$12,004,000 charge).

#### **Acquisition of Amryt GmbH (previously "Birken")**

Amryt DAC signed a conditional share purchase agreement to acquire Amryt GmbH on October 16, 2015 ("Amryt GmbH SPA"). The Amryt GmbH SPA was completed on April 18, 2016, with Amryt DAC acquiring the entire issued share capital of Amryt GmbH. The consideration included contingent consideration comprising milestone payments and sales royalties as follows:

- Milestone payments of:
  - €10,000,000 on receipt of marketing approval by the EMA or FDA of a pharmaceutical product containing Betulin as its API for the treatment of EB;
  - €10,000,000 once net ex-factory sales/net revenue of Oleogel-S10 first exceed €50,000,000 in any calendar year;
  - €15,000,000 once net ex-factory sales/ net revenue of Oleogel-S10 first exceed €100,000,000 in any calendar year;
- Royalties of 9% on sales of Oleogel-S10 products for 10 years from first commercial sale.

#### **Fair Value Measurement of Contingent Consideration**

As at December 31, 2021, the fair value of the contingent consideration was estimated to be US\$61,221,000 (December 31, 2020: US\$86,906,000). The fair value of the contingent consideration included milestone payments determined using probability adjusted present values and probability weighted revenue forecasts (see Note 24, Fair value measurement and financial risk management, for fair value hierarchy applied and impact of key unobservable impact data). The probability adjusted present values took into account published orphan drug research data and statistics which were adjusted by management to reflect the specific circumstances applicable to the type of product acquired in the Amryt GmbH transaction. The probability chance of success, based on management's expertise and experience for orphan drugs and taking into account the unique circumstances applying to approval process of the product, was estimated at 60% for the FDA approval (2020: 89%) and 100% for the EMA approval (2020: 89%) in the year ended December 31, 2021. This estimate reflects the current facts and circumstances as of the date of issuance of the Consolidated Financial Statements. The probability chance of success was updated in 2021 following the receipt of a CRL from the FDA, which asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB, and following the positive opinion adopted by the CHMP, recommending the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days. The CHMP positive opinion is supported by Phase 3 data from the EASE trial which was the largest ever global trial conducted in patients with EB, performed across 58 sites in 28 countries. A discount rate of 7.9% was used in the calculation of the fair value of the contingent consideration

for the year ended December 31, 2021 (December 31, 2020: 14.4%). The decrease in the discount rate is mainly driven by the change in Group over the last 12 months where the Group has significantly de-risked with growth in commercial revenues, the acquisition of new commercial assets in 2021, refinancing of long term debt which reduced the Group's cost of debt significantly and extended the repayment of long term debt, the positive developments on product candidates and significant cash balances held during the year.

Amryt reviews the expected cash flows on a regular basis as the discount on initial recognition is being unwound as financing expense/gain in the Consolidated Statement of Comprehensive Income/(Loss) over the life of the obligation. It is reviewed on a quarterly basis and the appropriate finance charge or gain is booked in the Consolidated Statement of Comprehensive Income/(Loss) on a quarterly basis. The Group received positive topline data from the phase 3 EASE trial of Oleogel-S10 in September 2020. The product does not currently have regulatory approval to treat EB but has been submitted to the FDA for approval and in June 2021, Amryt received confirmation from the FDA that its NDA for Oleogel-S10 had been accepted and granted priority review. On February 28, 2022, Amryt announced that the FDA communicated that it had completed its review of the NDA for Oleogel-S10 and has determined that the application cannot be approved in its present form. The FDA has asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB. Amryt intends to discuss with the FDA the nature of the data required to address the Agency's concerns. In Europe, a MAA for Oleogel-S10 was accepted for assessment by the EMA in March 2021. The positive opinion recommends the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days.

The total non-cash finance gain recognized in the Consolidated Statement of Comprehensive Income/(Loss) for the year ended December 31, 2021, is US\$18,407,000 (2020: US\$27,827,000 charge).

## **7. Operating loss for the year**

Operating loss for the year is stated after charging/(crediting):

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Audit fees payable to the Group's auditor and their associates	893	814
Audit-related fees payable to the Group's auditor and their associates	92	44
Changes in inventory expensed (excluding fair value step-up)	26,783	25,854
Amortization of inventory fair value step-up	4,417	27,617
Research and development expenses	37,729	27,618
Grant income	(1,007)	(103)
Share based payments	8,341	4,729
Pension costs	1,763	1,284
Depreciation of property, plant and equipment	1,653	1,297
Amortization of intangible assets	49,091	43,168
Operating lease rentals	189	623
Foreign exchange loss/(gain)	4,141	(2,699)

## 8. Employees

Including the directors, the Group and Company's average number of employees during the year was 241 (2020: 174) and seven (2020: six), respectively. Further details on remuneration of the Group's directors and Company's employees are included in the Directors' Remuneration Report on page 28.

The directors consider the workforce as a whole and therefore the average number of employees by different categories is not considered relevant the Group or Company.

Aggregate remuneration comprised:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Wages and salaries	46,983	32,688
Social security costs	4,225	3,431
Pension costs - employees	1,643	1,213
Directors' remuneration	3,138	2,158
Shared based payments	8,341	4,729
<b>Total employee costs</b>	<b>64,330</b>	<b>44,219</b>

Aggregate remuneration attributable to the highest-paid director amounted to US\$3,479,000 (2020: US\$1,719,000). The directors of the Company held the following share options over shares of Amryt Pharma plc at December 31, 2021:

	<b>December 31, 2021</b>		
<b>Director</b>	<b>Number</b>	<b>Exercise price</b>	<b>Expiration Date</b>
Joseph Wiley	2,031,350	\$2.804	March 7, 2028
Joseph Wiley	6,437,460	£0.76p - £121.50p	November 28, 2024 - November 4, 2026
Raj Kannan	3,189,995	\$2.04 - \$4.08	August 8, 2028 – February 8, 2031
Dr. Roni Mamluk	1,380,380	\$0.68 - \$5.02	November 14, 2024 – June 10, 2030
Raymond T. Stafford	330,000	\$2.04 - \$2.25	July 9, 2027 - August 8, 2028
George P. Hampton, Jr.	330,000	\$2.04 - \$2.25	July 9, 2027 - August 8, 2028
Dr. Alain H. Munoz	330,000	\$2.04 - \$2.25	July 9, 2027 - August 8, 2028
Donald K. Stern	330,000	\$2.04 - \$2.25	July 9, 2027 - August 8, 2028
Dr. Patrick V.J.J. Vink	330,000	\$2.04 - \$2.25	July 9, 2027 - August 8, 2028
Stephen T. Wills	330,000	\$2.04 - \$2.25	July 9, 2027 - August 8, 2028

	<b>December 31, 2020</b>		
<b>Director</b>	<b>Number</b>	<b>Exercise price</b>	<b>Expiration Date</b>
Joseph Wiley	6,437,460	£0.76p - £121.50p	November 28, 2024 - November 4, 2026
Raymond T. Stafford	220,000	\$2.25	July 9, 2027
George P. Hampton, Jr.	220,000	\$2.25	July 9, 2027
Dr. Alain H. Munoz	220,000	\$2.25	July 9, 2027
Donald K. Stern	220,000	\$2.25	July 9, 2027
Dr. Patrick V.J.J. Vink	220,000	\$2.25	July 9, 2027
Stephen T. Wills	220,000	\$2.25	July 9, 2027

**Amryt Pharma plc**  
**Notes to the Financial Statements Continued**  
For the year ended December 31, 2021

During the year ended December 31, 2021, a total of 7,261,725 share options were granted to directors of the Company. Joseph Wiley was granted a total of 2,031,350 share options, a total of 220,000 share options were granted to each of Dr. Roni Mamluk and Raj Kannan and a total of 110,000 share options were granted to each of Raymond T. Stafford, George P. Hampton, Jr., Dr. Alain H. Munoz, Donald K. Stern, Dr. Patrick V.J.J. Vink and Stephen T. Wills. Additionally, a total of 1,160,380 and 2,969,995 stock options were issued by Amryt to replace Chiasma stock options held by Dr. Roni Mamluk and Raj Kannan, respectively.

During the year ended December 31, 2020, a total of 1,320,000 share options were granted to directors of the Company. A total of 220,000 share options were granted to each Raymond T. Stafford, George P. Hampton, Jr., Dr. Alain H. Munoz, Donald K. Stern, Dr. Patrick V.J.J. Vink and Stephen T. Wills.

Further information on the compensation of key management personnel is included in Note 23, *Related party transactions*, of these financial statements.

**9. Net finance expense – other**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest on loans	22,902	22,003
Interest on lease liabilities	558	335
Charges and fees paid	310	17
Interest received	(5)	(87)
Foreign exchange loss/(gain)	4,141	(2,699)
<b>Total</b>	<b>27,906</b>	<b>19,569</b>

**10. Tax credit on loss on ordinary activities**

A corporation tax credit of US\$7,562,000 arises in the year ended December 31, 2021 (2020: credit of US\$1,332,000). A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction, the Republic of Ireland, to the loss before tax to the actual tax credit is as follows:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loss before tax	(6,562)	(105,859)
Tax credit at Irish corporation tax rate of 12.5%	(820)	(13,232)
Effect of:		
Movement in unrecognized deferred tax assets	(4,418)	3,624
Permanent differences	(1,949)	11,260
Differences in overseas taxation rates	(375)	(2,984)
<b>Total tax credit on loss on ordinary activities</b>	<b>(7,562)</b>	<b>(1,332)</b>

At December 31, 2021, the Group had unutilized net operating losses in the following jurisdictions as follows:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Ireland	119,854	108,677
United States	182,875	35,043
Germany	26,427	28,288
United Kingdom	3,034	42,893
<b>Total</b>	<b>332,169</b>	<b>214,901</b>

The deferred tax asset on tax losses of US\$62,395,001 (2020: US\$38,244,000), which was calculated at corporation tax rates ranging from 12.5% to 32%, has not been recognized due to the uncertainty of the recovery. Tax losses in Ireland, Germany and the UK can be carried forward indefinitely.

Due to historical changes in ownership of the U.S. business, the U.S. tax losses carried forward are restricted in how they can be used against future profits of the Group. U.S. losses related to tax periods prior to 2018 can be carried forward for 20 years while losses from 2018 onwards can be carried forward indefinitely. The increase in U.S. tax losses relates primarily to the acquisition of Chiasma, Inc. during the period.

All current and deferred tax related charges are recognized in the Consolidated Statement of Comprehensive Income/(Loss).

#### **11. Earnings/(loss) per share - basic and diluted**

The weighted average number of shares in the earnings/(loss) per share ("EPS/LPS") calculation, reflects the weighted average total actual shares of Amryt Pharma plc in issue at December 31, 2021.

##### ***Issued share capital – ordinary shares of £0.06 each***

	<b>Number of shares</b>	<b>Weighted average shares</b>
December 31, 2021	319,814,747	235,852,023
December 31, 2020	178,801,593	158,591,356

The calculation of loss per share is based on the following:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Profit/(loss) after tax attributable to equity holders of the Company (US\$'000)	1,000	(104,527)
Weighted average number of ordinary shares in issue	235,852,023	158,591,356
Fully diluted average number of ordinary shares in issue	246,981,405	158,591,356
<b>Basic earnings/(loss) per share (US\$)</b>	<b>0.00</b>	<b>(0.66)</b>
<b>Diluted earnings/(loss) per share (US\$)</b>	<b>0.00</b>	<b>(0.66)</b>

Where a loss has occurred, basic and diluted LPS are the same because the outstanding share options and warrants are anti-dilutive. Accordingly, diluted LPS equals the basic LPS. The share options, RSUs and warrants outstanding as at December 31, 2021, totaled 40,898,377 (December 31, 2020: 29,615,620) and are potentially dilutive.

## 12. Intangible assets and goodwill

The following table summarizes the Group's intangible assets and goodwill:

	Developed technology – metreleptin US\$'000	Developed technology – lomitapide US\$'000	Developed technology – Mycapssa® US\$'000	In process R&D US\$'000	Other intangible assets US\$'000	Total intangible assets US\$'000	Goodwill US\$'000
<b>Cost</b>							
At January 1, 2020	176,000	123,000	—	54,261	701	353,962	19,131
Additions	—	—	—	—	372	372	—
Acquired assets	—	—	—	591	—	591	—
Disposals	—	—	—	—	(246)	(246)	—
Foreign exchange movement	—	—	—	5,276	39	5,315	—
At December 31, 2020	176,000	123,000	—	60,128	866	359,994	19,131
Additions	—	—	—	—	847	847	—
Acquired assets	—	—	215,000	—	—	215,000	38,608
Other movements	—	—	—	—	—	—	(1,051)
Foreign exchange movement	—	—	—	(4,691)	(61)	(4,752)	—
At December 31, 2021	176,000	123,000	215,000	55,437	1,652	571,089	56,688
<b>Accumulated amortization</b>							
At January 1, 2020	7,314	4,143	—	—	178	11,635	—
Amortization charge	27,429	15,537	—	—	202	43,168	—
Accumulated amortization on disposals	—	—	—	—	(246)	(246)	—
Foreign exchange movement	—	—	—	—	68	68	—
At December 31, 2020	34,743	19,680	—	—	202	54,625	—
Amortization charge	27,428	15,537	5,979	—	147	49,091	—
Foreign exchange movement	—	—	—	—	14	14	—
At December 31, 2021	62,171	35,217	5,979	—	363	103,730	—
<b>Net book value</b>							
At December 31, 2020	141,257	103,320	—	60,128	664	305,369	19,131
At December 31, 2021	113,829	87,783	209,021	55,437	1,289	467,359	56,688

### Developed technology on commercially marketed products

In connection with the acquisition of Aegerion in September 2019, the Group acquired developed technology, metreleptin and lomitapide. These intangible assets are amortized over their estimated useful lives and the remaining useful lives for metreleptin and lomitapide are approximately 4.2 and 5.7 years, respectively, as of December 31, 2021 (December 31, 2020: 5.2 and 6.7 years, respectively).

In connection with the acquisition of Chiasma in August 2021, the Group acquired developed technology, Mycapssa®. This intangible asset is amortized over its estimated useful life and the remaining useful life is approximately 14.2 years as of December 31, 2021.

	Metreleptin US\$'000	Lomitapide US\$'000	Mycapssa® US\$'000
Years Ending December 31,			
2022	27,429	15,537	14,828
2023	27,429	15,537	14,828
2024	27,429	15,537	14,828
2025	27,429	15,537	14,828
2026	4,113	15,537	14,828
Thereafter	—	10,098	134,881
	<b>113,829</b>	<b>87,783</b>	<b>209,021</b>

### ***In-process R&D***

As a result of the acquisition of Amryt GmbH, in 2016, the Group recognized in-process R&D costs of €48,453,000/US\$54,852,000 which is related to the Group's lead development asset, Oleogel-S10.

The remaining in-process R&D is a result of the acquisition of Cala Medical Limited in October 2020.

### ***Goodwill***

During 2019, the Group completed the acquisition of Aegerion which resulted in the recognition of goodwill that has a carrying value of US\$18,080,000. On August 5, 2021, the Group completed the acquisition of Chiasma, which resulted in aggregate goodwill of US\$38,608,000.

### ***Impairment***

The Group reviews the carrying amount of intangible assets on an annual basis or when there is a triggering event that may be an indication of possible impairment. The Group conducts an impairment review by determining recoverable amounts from value in use calculations. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment indications include events causing significant changes in any of the underlying assumptions used in the income approach utilized in valuing intangible assets. The key assumptions are the probability of success; the discount factor; the timing of future revenue flows; market penetration and peak sales assumptions; and expenditures required to complete development.

These cash flows are projected forward using projected revenue for each asset up until the end of their relevant patents and cost growth to determine the basis for an annuity-based terminal values. The terminal values are used in the value in use calculation. The value in use represents the present value of the future cash flows, including the terminal value, discounted at a rate that is considered appropriate for the Group's size and structure.

The key assumptions employed in arriving at the estimates of future cash flows are subjective and include projected EBITDA, an orphan drug market-based probability chance of success, net cash flows, discount rates and the duration of the discounted cash flow model. The assumptions and estimates used were derived from a combination of internal and external factors based on historical experience. The pre-tax discount rate used in 2021 and 2020 was 7.9% and 14.4%, respectively.

The value-in-use calculation is subject to significant estimation, uncertainty and accounting judgements and key sensitivities arise in the following areas:

- In the event that there was a variation of 10% in the assumed level of future growth in revenues, which would, in management's view, represent a reasonably likely range of outcomes, this variation would not result in an impairment loss at December 31, 2021.
- In the event there was a 4% increase in the discount rate used in the value in use model which would in management's view represent a reasonably likely range of outcomes, this variation would not result in an impairment loss at December 31, 2021.

Goodwill and intangible assets not in use are subject to impairment testing on an annual basis. The recoverable amount of the Group's CGUs are determined based on a value-in-use computation. The Group's value-in-use calculations included the cash flow projections based on the 2022 budget which has been approved by the Board of Directors and the Group's strategic plan for a further three years using projected revenue growth rates of between 20% and 46% and cost growth rates of between 2% and 59%. At the end of the forecasted patent exclusivity period, the terminal value, based on a long-term growth rates of between -10% and -30%, was used in the value-in-use calculations. The value-in-use represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to the Group. The key assumptions employed in arriving at the estimates of future cash flows are subjective and include projected EBITDA, net cash flows, discount rates and the duration of the discounted cash flow model. The Group have used a discount rate of 7.9% (2020: 14.4%) which we believe is a realistic estimate for the Group as well as the Group's risk profile.

The 2021 annual impairment testing process resulted in no impairment for the year ended December 31, 2021 (2020: nil).

### 13. Property, plant and equipment

	Property	Plant and Machinery	Office Equipment	Right-of-use assets	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost</b>					
At January 1, 2020	383	1,432	547	2,000	<b>4,362</b>
Additions	38	527	938	4,420	<b>5,923</b>
Disposals	—	—	(372)	(378)	<b>(750)</b>
Foreign exchange movement	38	93	165	140	<b>436</b>
At December 31, 2020	459	2,052	1,278	6,182	<b>9,971</b>
Additions	—	250	479	429	<b>1,158</b>
Acquired assets	—	—	302	648	<b>950</b>
Disposals	—	—	(397)	—	<b>(397)</b>
Foreign exchange movement	(37)	(100)	(33)	(389)	<b>(559)</b>
At December 31, 2021	422	2,202	1,629	6,870	<b>11,123</b>
<b>Accumulated amortization</b>					
At January 1, 2020	353	404	187	382	<b>1,326</b>
Depreciation charge	15	134	209	939	<b>1,297</b>
Depreciation charge on disposals	—	—	(239)	(129)	<b>(368)</b>
Foreign exchange movement	35	37	11	59	<b>142</b>
At December 31, 2020	403	575	168	1,251	<b>2,397</b>
Depreciation charge	9	151	580	912	<b>1,652</b>
Depreciation charge on disposals	—	—	(224)	—	<b>(224)</b>
Foreign exchange movement	(33)	(33)	(9)	(43)	<b>(118)</b>
At December 31, 2021	379	693	515	2,120	<b>3,707</b>
<b>Net book value</b>					
At December 31, 2020	56	1,477	1,110	4,931	<b>7,574</b>
At December 31, 2021	43	1,509	1,114	4,750	<b>7,416</b>

### 14. Trade and other receivables

	Group		Company	
	December 31,		December 31,	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	34,263	33,057	—	—
Accrued income and other debtors	12,201	8,423	3,104	2,289
VAT recoverable	7,444	1,705	133	75
Intercompany receivables	—	—	23,026	8,771
<b>Trade and other receivables</b>	<b>53,908</b>	<b>43,185</b>	<b>26,263</b>	<b>11,135</b>

Trade receivables at December 31, 2021 includes US\$258,000 (2020: US\$1,186,000) which is due greater than 120 days. No impairment is considered necessary.

Intercompany receivables mainly relate to recharges of expenses incurred by the Company in providing management services to the wider Group. These intercompany receivables are interest free basis and repayable on demand. During the year ended December 31, 2021, no impairment charge was recognized (2020: nil).



## 15. Inventories

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Raw materials	36,850	25,462
Work in progress	12,986	3,903
Finished goods	65,933	11,627
<b>Inventories</b>	<b>115,769</b>	<b>40,992</b>

In 2021, a total of US\$26,783,000 (2020: US\$25,854,000) of inventories was included in the consolidated statement of comprehensive income/(loss) as an expense (excluding the fair value step-up).

The increase in inventories for the year ended December 31, 2021, reflected the fair value of inventory acquired as part of the acquisition of Chiasma on August 5, 2021. The fair value of the acquired inventory amounted to US\$65,907,000. Inventory on hand at the date of acquisition was valued at the expected selling price less the sum of remaining costs of disposal, cost to complete and a reasonable profit margin for the selling effort of the acquiring entity. The costs to complete were calculated based on costs incurred on recently completed finished goods. The costs to dispose include sales and marketing expenses required to sell the product to the customer in addition to certain general and administrative expenses expected to be incurred by Amryt. This resulted in a non-cash step up at the valuation of inventory at August 5, 2021, of US\$44,794,000. The non-cash step up in inventory is being unwound to the Consolidated Statement of Comprehensive Income/(Loss) over the period in which this saleable inventory is sold. At December 31, 2021, US\$41,581,000 of this non-cash inventory step up is included in finished goods inventory.

As part of the Aegerion acquisition a non cash step up in valuing inventory was also recognized on acquisition and the carrying value included in finished goods inventory as at December 31, 2021, was nil (US\$1,204,000).

During the year ended December 31, 2021, a provision of US\$5,688,000 (2020: US\$4,058,000) was recognized in the Consolidated Statement of Comprehensive Income/(Loss) relating to review of inventory to net realizable value. During the year ended December 31, 2021, US\$932,000 (2020: nil) of write-down reversals were recognized due to updated demand forecasts.

## 16. Cash and cash equivalents

	<b>Group</b>		<b>Company</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Cash at bank available on demand	112,771	118,575	12,004	38,364
Restricted cash	261	223	—	—
<b>Total cash and cash equivalents</b>	<b>113,032</b>	<b>118,798</b>	<b>12,004</b>	<b>38,364</b>

Cash and cash equivalents include cash at bank available on demand and restricted cash.

At December 31, 2021, there was US\$261,000 restricted cash (December 31, 2020: US\$223,000). The restricted cash balance as at December 31, 2021, consists of a deposit on a company credit card facility for an amount of US\$126,000 (December 31, 2020: US\$150,000), a lease deposit for US\$85,000 (December 31, 2020: nil) and a letter of credit related to US customs which was put in place for an amount of US\$50,000 (December 31, 2020: nil). The restricted cash balance as at December 31, 2020, included US\$73,000 held by a third-party distributor that was received in January 2021. There was no cash in transit held by a third-party distributor as at December 31, 2021.

## 17. Share capital and reserves

Details of the number of issued ordinary shares with a nominal value of Sterling 6 pence (2020: 6 pence) each are in the table below.

	Ordinary shares		Treasury shares		Total	
	2021	2020	2021	2020	2021	2020
<b>At 1 January</b>	178,801,593	154,498,887	4,791,703	4,864,656	183,593,296	159,363,543
Issue of treasury shares in exchange for warrants	283,389	—	(283,389)	—	—	—
Issue of shares in exchange for warrants	4,758,206	8,229,753	—	—	4,758,206	8,229,753
Issue of shares in equity fund raises	—	16,000,000	—	—	—	16,000,000
Issue of treasury shares in exchange for warrants	4,208,314	—	(4,208,314)	—	—	—
Issue of treasury shares for share options exercised	300,000	72,953	(300,000)	(72,953)	—	—
Issue of shares in consideration of Chiasma acquisition	127,740,695	—	—	—	127,740,695	—
Issue of shares for share options exercised and RSUs vesting	3,722,550	—	—	—	3,722,550	—
<b>At December 31</b>	<b>319,814,747</b>	<b>178,801,593</b>	<b>—</b>	<b>4,791,703</b>	<b>319,814,747</b>	<b>183,593,296</b>

The components of equity are detailed in the Consolidated and Company Statement of Changes in Equity and described in more detail below.

As at December 31, 2021 there were 319,814,747 ordinary shares issued with no treasury shares held (December 31, 2020: 183,593,296 of which 4,791,703 were treasury shares).

In December 2020, the Company issued 16,000,000 ordinary shares in the form of ADSs, as part of a US\$40,000,000 private placement equity raise to existing and new shareholders. The Company issued 4,000,000 and 4,229,753 ordinary shares on July 15, 2020, and September 22, 2020, respectively, in exchange for certain warrants.

On March 11, 2021, the Company issued 300,000 ordinary shares from treasury shares following the exercise of share options. On March 11, 2021, the Company issued 283,389 ordinary shares from treasury shares in exchange for certain warrants. On August 5, 2021, the Company issued 127,740,695 ordinary shares, in the form of ADSs, as consideration for the acquisition of Chiasma. On August 5, 2021, the Company issued 8,966,520 ordinary shares with 4,208,314 being issued from treasury shares in exchange for warrants. During the year ended December 31, 2021, there were 3,342,680 shares issued following the exercise of share options and 379,870 shares issued following RSUs vesting.

### Share Capital

Share capital represents the cumulative par value arising upon issue of ordinary shares of Sterling 6 pence each.

The ordinary shares have the right to receive notice of, attend and vote at general meetings and participate in the profits of the Company.

### Share Premium

Share premium represents the consideration that has been received in excess of the nominal value on issue of share capital net of issue costs and transfers to distributable reserves.

### Warrant reserve

The warrant reserve represents zero cost warrants issued as part of the equity raise on September 24, 2019, net of issue costs apportioned to warrants issued and additional warrants issued to certain shareholders on November 14, 2019. Each warrant entitles the holder to subscribe for one ordinary share at zero cost. The Company issued 4,000,000 and 4,229,753 ordinary shares on July 15, 2020, and September 22, 2020, respectively, in exchange for certain warrants. The remaining warrants were exchanged on August 5, 2021, and the Company issued 8,966,520 ordinary shares, 4,208,314 of which were issued from treasury shares. There were no remaining warrants outstanding as at December 31, 2021.

### ***Treasury Shares***

In October 2020, the Company issued 72,953 ordinary shares from treasury shares following the exercise of share options. In March 2021, the Company issued a total of 583,389 ordinary shares from treasury shares, 300,000 ordinary shares relating to the exercise of share options and 283,389 ordinary shares following the exchange of certain warrants. In August 2021, the company issued 4,208,314 ordinary shares from treasury shares in conjunction with the exchange of warrants. There were no treasury shares held as at December 31, 2021.

### ***Share based payment reserve***

Share based payment reserve relates to the charge for share based payments in accordance with IFRS 2. In March 2021, the Company issued 283,389 ordinary shares in exchange for certain warrants. In April 2021, 62,153 warrants lapsed. During the year ended December 31, 2021, the Company issued 3,722,550 ordinary shares in relation to the exercise of share options and RSUs.

As part of the acquisition of Chiasma, the Company replaced share awards that were existing at the time of the acquisition. This resulted in the recognition of a share-based payment reserve of US\$10,157,000 on acquisition.

### ***Merger reserve***

The merger reserve was created on the acquisition of Amryt DAC by Amryt Pharma plc in April 2016. Ordinary shares in Amryt Pharma plc were issued to acquire the entire issued share capital of Amryt DAC. Under section 612 of the UK Companies Act 2006, the premium on these shares has been included in a merger reserve.

### ***Reverse acquisition reserve***

The reverse acquisition reserve arose during the period ended December 31, 2016, in respect of the reverse acquisition of Amryt Pharma plc by Amryt DAC. Since the shareholders of Amryt DAC became the majority shareholders of the enlarged Group, the acquisition is accounted for as though there is a continuation of Amryt DAC's financial statements. The reverse acquisition reserve is created to maintain the equity structure of Amryt Pharma plc in compliance with UK company law.

### ***Equity component of convertible notes***

The equity component of convertible notes represents the equity component of the US\$125,000,000 convertible debt and is measured by determining the residual of the fair value of the instrument less the estimated fair value of the liability component. The equity component is recognized in equity and is not subsequently remeasured.

### ***Other distributable reserves***

Other distributable reserves comprise the following:

- Distribution of the share premium amount on November 6, 2019, of US\$268,505,000. By special resolution of the Company duly passed on September 23, 2019, in accordance with section 283 of the UK Companies Act 2006, it was resolved that the entire amount outstanding to the credit of the share premium account and capital redemption reserve of the Company be cancelled. The reduction in capital, amounting to US\$268,505,000, representing the entire amount of share premium at that time, was approved by the High Court of Justice of England and Wales on November 5, 2019.
- A deemed distribution of US\$47,902,000 arising from the issuance of CVRs in September 2019.
- A deemed distribution of US\$2,969,000 arising from the scheme of arrangement in September 2019 whereby Amryt Pharma plc, which was incorporated in July 2019, became a 100% shareholder of Amryt Pharma Holdings Limited (formerly named Amryt Pharma plc) (the "Acquisition of subsidiary without a change of control").

### ***Currency translation reserve***

The currency translation reserve arises on the retranslation of non-U.S. dollar denominated foreign subsidiaries.

### ***Accumulated deficit***

Accumulated deficit represents losses accumulated in previous periods and the current year.

**18. Deferred tax liability**

	<b>Total</b>
	<b>US\$'000</b>
At January 1, 2020	<b>7,147</b>
Net movement during the year	(535)
<b>At December 31, 2020</b>	<b>6,612</b>
Net movement during the year	11,160
<b>At December 31, 2021</b>	<b>17,772</b>

A deferred tax liability arose in 2016 on the acquisition of Amryt GmbH. An intangible asset was recognized in relation to in process R&D. As the intangible asset only arises on consolidation and there may not be tax deductions available on sale, its tax base is nil.

When the intangible asset is amortized or impaired the tax difference will be reduced and the movement in the deferred tax liability will be recognized in profit or loss. The in-process R&D is currently not being amortized. As this is a euro denominated liability, there are FX movements on the deferred tax liability each year. During the year ended December 31, 2021, there was an increase in this deferred tax liability of US\$246,000.

A deferred tax liability was recognized in 2019 in connection with the acquisition of Aegerion Pharmaceuticals, Inc. and in 2021 in connection with the acquisition of Chiasma, Inc. (see Note 6, *Business combinations and asset acquisitions*). The intangible assets have been recognized at their fair value. As the transactions did not result in the intangible assets being re-based to fair value from a tax perspective this results in a deferred tax liability being recognized on acquisition. These intangibles are being amortized and the resulting reduction in the deferred tax liability will be recognized in profit or loss. The acquisition of Chiasma, Inc. during the year ended December 31, 2021, has increased the group's deferred tax liability by US\$10,912,000.

**19. Long term loan**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Long term loan principal	93,988	88,037
Unamortized debt issuance costs	(593)	(735)
<b>Long term loan</b>	<b>93,395</b>	<b>87,302</b>

As part of the acquisition of Aegerion on September 24, 2019, Aegerion entered into a new U.S. dollar denominated US\$81,021,000 secured term loan debt facility ("Term Loan") with various lenders. The Term Loan was made up of a US\$54,469,000 loan that was in place prior to the acquisition, which was refinanced as part of the acquisition, and a US\$26,552,000 additional loan that was drawn down on September 24, 2019. The Term Loan had a five-year term from the date of the draw down, September 24, 2019, and a maturity date of September 24, 2024. Under the Term Loan, interest was payable at the option of the Group at the rate of 11% per annum paid in cash on a quarterly basis or at a rate of 6.5% paid in cash plus 6.5% paid in kind, which rolls up and is included in the principal balance outstanding, on a quarterly basis. Unpaid accrued interest of US\$1,536,000 as at December 31, 2021 is recognized in current liabilities within trade and other payables (December 31, 2020: \$1,439,000). The Term Loan agreement includes an option to prepay the loan in whole or in part at any time subject to payment of an exit fee, which depending on the stage of the loan term, ranges from 5.00% to 0.00% of the principal then outstanding on the Term Loan. On February 18, 2022, the Term Loan was repaid in full and the Group secured a \$125,000,000 senior credit facility of which US\$105,000,000 was drawn down to facilitate the prepayment of the existing Term Loan. See further details on the \$125,000,000 senior credit facility entered into by Amryt in Note 27, Events after the reporting period.

In connection with the Term Loan, the Group incurred approximately US\$870,000 of debt issuance costs, which primarily consisted of underwriting, legal and other professional fees. These costs are amortized over the expected life of the loan using the effective interest method.

The Term Loan was guaranteed by Amryt and certain subsidiaries of the Group. In connection with the loan agreement, fixed and floating charges have been placed on property and undertakings of Amryt and certain subsidiaries of the Group.

The Term Loan agreement included affirmative and negative covenants, including prohibitions on the incurrence of additional indebtedness, granting of liens, certain asset dispositions, investments, and restricted payments, in each case, subject to certain exceptions set forth in the Loan Agreement. The Term Loan agreement also includes customary events of default for a transaction

of this type and includes (i) a cross-default to the occurrence of any event of default under material indebtedness of Amryt and certain subsidiaries of the Group and Amryt, including the convertible notes, and (ii) Amryt or any of its subsidiaries being subject to bankruptcy or other insolvency proceedings. Upon the occurrence of an event of default, the lenders may declare all of the outstanding Term Loan and other obligations under the Term Loan agreement to be immediately due and payable and exercise all rights and remedies available to the lenders under the Term Loan agreement and related documentation. There were no events of default or breaches of the covenants occurring for the year ended December 31, 2021 (December 31, 2020: no events).

	<u>Total</u>
	<u>US\$'000</u>
<b>Changes in long term loans from financing activities:</b>	
<b>At January 1, 2021</b>	<b>88,741</b>
<b>Cash-flows</b>	
Acquired loans and borrowings	116,629
Repayment of loans and borrowings	(116,629)
<b>Liability related</b>	
Paid in kind interest	5,947
Amortization of debt costs	146
Change in accrued interest	97
<b>At December 31, 2021</b>	<b>94,931</b>

## 20. Convertible notes

	<u>Total</u>
	<u>US\$'000</u>
<b>At January 1, 2020</b>	<b>96,856</b>
Accreted interest	4,230
<b>At December 31, 2020</b>	<b>101,086</b>
Accreted interest	4,702
<b>At December 31, 2021</b>	<b>105,788</b>

As part of the Aegerion acquisition, Aegerion issued convertible notes with an aggregate principal amount of US\$125,000,000 to Aegerion creditors.

The convertible notes are senior unsecured obligations and bear interest at a rate of 5.0% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on April 1, 2020. The convertible notes will mature on April 1, 2025, unless earlier repurchased or converted.

The convertible notes are convertible into Amryt's ordinary shares at a conversion rate of 386.75 ordinary shares per US\$1,000 principal amount of the convertible notes. If the holders elect to convert the convertible notes, Amryt can settle the conversion of the convertible notes through payment or delivery of cash, common shares, or a combination of cash and common shares, at its discretion. As a result of the conversion feature in the convertible notes, the convertible notes were assessed to have both a debt and an equity component. The two components were assessed separately and classified as a financial liability and equity instrument. The financial liability component was measured at fair value based on the discounted cash flows expected over the expected term of the notes using a discount rate based on a market interest rate that a similar debt instrument without a conversion feature would be subject to. Refer to Note 17, Share capital and reserves, for further details on the equity component of the convertible notes.

From September 24, 2019, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their convertible notes, in multiples of US\$1,000 principal amount, at the option of the holder.

The indenture does not contain any financial covenants or restrict the Group's ability to repurchase securities, pay dividends or make restricted payments in the event of a transaction that substantially increases the Group's level of indebtedness in certain circumstances.

The indenture contains customary terms and covenants and events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving Aegerion, Amryt and certain subsidiaries of the Group) occurs and is continuing, the trustee by notice to Amryt, or the holders of at least 25% in principal amount of the outstanding convertible notes by written

notice to Amryt and the trustee, may declare 100% of the principal of and accrued and unpaid interest, if any, on all of the convertible notes to be due and payable. Upon such a declaration of acceleration, such principal and accrued and unpaid interest, if any, will be due and payable immediately. Upon the occurrence of certain events of bankruptcy, insolvency or reorganization involving Amryt, 100% of the principal and accrued and unpaid interest, if any, on the convertible notes will become due and payable automatically. Notwithstanding the foregoing, the indenture provides that, upon Amryt's election, and for up to 180 days, the sole remedy for an event of default relating to certain failures by Amryt to comply with certain reporting covenants in the indenture consists exclusively of the right to receive additional interest on the convertible notes. There have been no events of default or breaches of the covenants occurring for the year ended December 31, 2021 (2020: no events).

## 21. Trade and other payables

	Group		Company	
	December 31,		December 31,	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	41,057	23,595	511	528
Accrued expenses	107,194	65,705	1,263	3,108
Social security costs and other taxes	1,483	936	—	—
Intercompany payables	—	—	519	14,937
<b>Trade and other payables</b>	<b>149,734</b>	<b>90,236</b>	<b>2,293</b>	<b>18,573</b>

The Group has a liability, included in accrued expenses above, for revenue rebates due on Myalepta sales in a country in the EMEA region from agreeing a reimbursement price with the government authorities resulting in a one-off payment related to sales up to the date of approval, which occurred in March 2021. The Group has recognized a liability of US\$21,348,000 as at December 31, 2021. At December 31, 2020, the liability was included in provisions as the underlying agreement was not finalized and it was recognized as a non-current liability for an amount of US\$21,382,000 as payment was agreed to be made in July 2022. Other accruals for the Group mainly consist of costs related to government revenue rebates due within one year, convertible note interest, term loan interest, royalty expenses, restructuring costs, clinical and R&D activities. The accruals for the Company mainly relate to equity raising costs and fees on investor relations, audit, tax and other professional services. Intercompany payables relate to advances from subsidiaries to fund operations of the Company due to be settled on a regular basis.

## 22. Provisions and other liabilities

	December 31,	
	2021	2020
	US\$'000	US\$'000
<b>Non-current liabilities</b>		
Provisions and other liabilities	—	21,382
Leases due greater than 1 year	4,049	4,569
	4,049	25,951
<b>Current liabilities</b>		
Provisions and other liabilities	6,000	9,976
Leases due less than 1 year	1,545	963
	7,545	10,939
<b>Total provisions and other liabilities</b>	<b>11,594</b>	<b>36,890</b>

Refer to Note 25, *Commitments and contingencies* for further details on provisions.

The Group leases various offices, equipment, vehicles and a production facility. Refer to Note 7, *Operating loss for the year*, for the lease expense on leases not recognized as a lease liability (short term leases, leases with an expected term of 12 months or less, or for leases of low value assets) and Note 24, *Fair value measurement and financial risk management*, for further details on lease commitments.

	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Changes in lease liabilities from financing activities:</b>		
<b>At January 1</b>	<b>5,532</b>	<b>1,624</b>
Adoption of IFRS 16	—	—
<b>Cash-flows</b>		
Payment of leases	(1,215)	(1,119)
<b>Non-cash</b>		
Acquired lease assets	—	—
New leases	1,077	4,420
Interest expense	558	335
Foreign exchange movement	(358)	272
<b>At December 31</b>	<b>5,594</b>	<b>5,532</b>

## 23. Related party transactions

### *Compensation of key management personnel of the Group*

In 2021, the key management personnel of the Group consisted of the executive director Joe Wiley, Chief Executive Officer, non-executive directors, and the Chief Financial Officer and Chief Operating Officer, Rory Nealon.

Compensation for the years ended December 31, 2021, and December 31, 2020, of these personnel is detailed below:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Short-term employee benefits	1,912	1,848
Performance related bonus	1,106	1,122
Post-employment benefits	120	119
Share-based compensation benefits	3,713	3,079
<b>Total compensation</b>	<b>6,851</b>	<b>6,168</b>

### *Shares purchased by directors of the Company*

The following ordinary shares were purchased by directors of the Company.

<b>Director</b>	<b>Number</b>	<b>Date</b>
Joseph Wiley	16,000	March 2022
George P. Hampton, Jr.	100,000	March 2022
Stephen T. Wills	37,500	March 2022
Dr. Alain H. Munoz	22,500	March 2022
Dr. Patrick V.J.J. Vink	25,000	March 2022
Raymond T. Stafford	50,000	March 2022
Raymond T. Stafford	250,000	November 2021
Raymond T. Stafford	300,100	March 2021

### *Agreements with principal shareholders*

#### **Long term loan**

On September 24, 2019, the Group entered into a long term loan. Proceeds from the long term loan were used to refinance Aegerion's existing secured bridge loan in the principal amount of approximately US\$50,000,000 (in principal) held by certain funds managed by Athyrium Capital Management, LP and Highbridge Capital Management, LLC, respectively. Further information on the terms of the long term loan is included in Note 19, *Long term loan*, of these financial statements.



**Convertible notes**

On September 24, 2019, the Company issued US\$125,000,000 aggregate principal amount of convertible notes due 2025 to certain creditors of Aegerion. The convertible notes bear interest at a rate of 5% per annum, payable in cash semi-annually. The convertible notes will mature approximately five and a half years after issuance, unless earlier repurchased, redeemed or converted. Further information on the terms of the convertible notes is included in Note 20, *Convertible notes*, of these financial statements.

**Zero Cost Warrants**

The Company agreed, for certain Aegerion creditors who wished to restrict their percentage share interest in Amryt's issued share capital, to issue to the relevant Aegerion creditor, as an alternative to Amryt ordinary shares, an equivalent number of new zero cost warrants to subscribe for Amryt ordinary shares to be constituted on the terms of the zero cost warrant. The relevant Aegerion creditors are entitled at any time to exercise the zero cost warrants, at which point in time the Company would issue to that Aegerion creditor the relevant number of fully paid ordinary shares in return for the exercise of the zero cost warrants.

On September 24, 2019, certain of Aegerion's creditors elected to receive 8,065,000 zero cost warrants to subscribe for Amryt ordinary shares as consideration for the acquisition. Separately 5,911,722 warrants were issued to investors in connection with the US\$60,000,000 equity raise.

On November 14, 2019, the Company repurchased a combined 4,864,656 ordinary shares from Highbridge Tactical Master Fund L.P., Highbridge SCF Special Situations SPV, L.P. and Nineteen77 Global Multi Strategy Alpha Master Limited. In exchange for the ordinary shares, these institutions were issued an equivalent number of zero cost warrants. Each warrant entitles the holder to subscribe for one ordinary share at zero cost. On December 19, 2019, Highbridge MSF International Ltd exercised 1,645,105 zero cost warrants in exchange for 1,645,105 ordinary shares.

In July 2020, Highbridge Tactical Master Fund L.P. exercised 4,000,000 zero cost warrants in exchange for 4,000,000 ordinary shares. In September 2020, Nineteen77 Global Multi Strategy Alpha Master Limited exercised 4,229,753 zero cost warrants in exchange for 4,229,753 ordinary shares.

The remaining warrants were exchanged on August 5, 2021, and the Company issued 8,966,520 ordinary shares, 4,208,314 of which were issued from treasury shares. There were no remaining warrants outstanding as at December 31, 2021.



## 24. Fair value measurement and financial risk management

### Categories of financial instruments

	Group		Company	
	December 31,		December 31,	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets (all at amortized cost):</b>				
Cash and cash equivalents	113,032	118,798	12,004	38,364
Trade receivables	34,263	33,057	—	—
Intercompany receivables	—	—	23,026	8,771
Total financial assets	147,295	151,855	35,030	47,135
<b>Financial liabilities:</b>				
<b>At amortized cost</b>				
Trade payables and accrued expenses	148,251	89,300	1,774	3,636
Intercompany payables	—	—	519	14,937
Lease liabilities	5,594	5,532	—	—
Other liabilities	—	25,358	—	—
Convertible notes	105,788	101,086	—	—
Long term loan	93,395	87,302	—	—
Contingent value rights	19,892	61,417	19,892	49,355
<b>At fair value</b>				
Contingent consideration	61,221	86,906	—	—
Total financial liabilities	434,141	456,901	22,185	67,928
<b>Net</b>	<b>(286,846)</b>	<b>(305,046)</b>	<b>12,845</b>	<b>(20,793)</b>

Financial instruments evaluated at fair value can be classified according to the following valuation hierarchy, which reflects the extent to which the fair value is observable:

- Level 1: fair value evaluations using prices listed on active markets (not adjusted) of identical assets or liabilities.
- Level 2: fair value evaluations using input data for the asset or liability that are either directly observable (as prices) or indirectly observable (derived from prices), but which do not constitute listed prices pursuant to Level 1.
- Level 3: fair value evaluations using input data for the asset or liability that are not based on observable market data (unobservable input data).

The contingent consideration has been valued using Level 3. The contingent consideration comprises:

- Contingent consideration relating to the acquisition of Amryt GmbH (see Note 6, *Business combinations and asset acquisitions*) that was measured at US\$61,221,000 as at December 31, 2021 (December 31, 2020: US\$86,906,000). The fair value comprises royalty payments which was determined using probability weighted revenue forecasts and the fair value of the milestones payments which was determined using probability adjusted present values. It also included a revision to the discount rate used, and revenue and costs forecasts have been amended to reflect management's current expectations.

#### Impact of key unobservable input data

- An increase of 10% in estimated revenue forecasts would result in an increase to the fair value of US\$3,746,000. A decrease would have the opposite effect.
- A 5% increase in the discount factor used would result in a decrease to the fair value of US\$9,740,000. A decrease of 5% would result in an increase to the fair value of US\$12,923,000.
- A six-month delay in the launch date for Oleogel-S10 would result in a decrease to the fair value of US\$5,421,000.
- A 20% decrease in the probability of success used would result in a decrease to the fair value of US\$17,491,000. An increase of 20% in the probability of success with the FDA approval would result in a decrease to the fair value of US\$13,120,000.

There were no transfers between Level 1, Level 2 and Level 3 during the years ended December 31, 2021, and 2020.

### Policies and Objectives

The Group and Company's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being liquidity, market risk and credit risk. The Board of Directors is responsible for the Group and Company's risk management policies and whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group and Company's finance function. The main policies for managing these risks are as follows:

#### Liquidity risk

The Group and Company is not subject to any externally imposed capital requirement. Accordingly, the Group and Company's objectives are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Working capital forecasts are prepared to ensure the Group and Company has sufficient funds to complete contracted work commitments.

The following table shows the maturity profile of financial liabilities of the Group:

	December 31, 2021							
	Carrying amount	Contractual cash flows	6 months or less	6 months - 12 months	1-2 years	2-5 years	> 5 years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables and accrued expenses	149,734	149,734	149,734	—	—	—	—	149,734
Lease liabilities	5,594	7,882	757	757	885	2,556	2,927	7,882
Long term loan	93,395	130,776	3,097	3,252	6,778	117,649	—	130,776
Convertible notes	105,788	146,875	3,125	3,125	6,250	134,375	—	146,875
Contingent consideration and contingent value rights*	81,113	80,355	17,043	—	—	63,312	—	80,355
	435,624	515,622	173,756	7,134	13,913	317,892	2,927	515,622

\* Contingent consideration contractual cash flows do not include royalty payments due to be paid by Amryt, which are dependent on sales of Oleogel-S10 products. The carrying amount of contingent consideration is recorded at fair value, which incorporates the estimated royalty payments on sales of Oleogel-S10 products.

	December 31, 2020							
	Carrying amount	Contractual cash flows	6 months or less	6 months - 12 months	1-2 years	2-5 years	> 5 years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables and accrued expenses	89,300	89,300	89,300	—	—	—	—	89,300
Lease liabilities	5,532	8,820	525	525	1,096	2,676	3,998	8,820
Other liabilities	25,358	25,375	3,993	—	21,382	—	—	25,375
Long term loan	87,302	136,723	2,901	3,046	6,349	124,427	—	136,723
Convertible notes	101,086	153,125	3,125	3,125	6,250	140,625	—	153,125
Contingent consideration and contingent value rights*	148,323	127,991	—	62,283	—	65,708	—	127,991
	456,901	541,334	99,844	68,979	35,077	333,436	3,998	541,334

\* Contingent consideration contractual cash flows do not include royalty payments due to be paid by Amryt, which are dependent on sales of Oleogel-S10 products. The carrying amount of contingent consideration is recorded at fair value, which incorporates the estimated royalty payments on sales of Oleogel-S10 products.

The following table shows the maturity profile of financial liabilities of the Company:

	December 31, 2021							
	Carrying amount	Contractual cash flows	6 months or less	6 months - 12 months	1-2 years	2-5 years	> 5 years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables and accrued expenses	1,774	1,774	1,774	—	—	—	—	1,774
Intercompany payables	519	519	519	—	—	—	—	519
Contingent value rights	19,892	40,718	5,718	—	—	35,000	—	40,718
	22,185	43,011	8,011	—	—	35,000	—	43,011

	December 31, 2020							
	Carrying amount US\$'000	Contractual cash flows US\$'000	6 months or less US\$'000	6 months - 12 months US\$'000	1-2 years US\$'000	2-5 years US\$'000	> 5 years US\$'000	Total US\$'000
Trade payables and accrued expenses	3,636	3,636	3,636	—	—	—	—	3,636
Intercompany payables	14,937	14,937	14,937	—	—	—	—	14,937
Contingent value rights	49,355	70,833	—	35,833	—	35,000	—	70,833
	67,928	89,406	18,573	35,833	—	35,000	—	89,406

### Capital management

The Group and Company considers its capital to be its ordinary share capital, share premium, other reserves and accumulated deficit. The Group and Company manages its capital to ensure that entities within the Group will be able to continue individually as going concerns, while maximizing the return to shareholders through the optimization of debt and equity balances. The Group and Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust its capital structure, the Group and Company may adjust or issue new shares or raise debt. On a regular basis, management receives financial and operational performance reports that enable continuous management of assets, liabilities and liquidity. No changes were made in the objectives, policies or processes during the years ended December 31, 2021, and December 31, 2020.

### Market risk

Market risk arises from the use of interest-bearing financial instruments and represents the risk that future cash flows of a financial instrument will fluctuate as a result of changes in interest rates. It is the Group's policy to ensure that significant contracts are entered into in its functional currency whenever possible and to maintain the majority of cash balances in the functional currency of the Company. The Group considers this policy minimizes any unnecessary foreign exchange exposure. In order to monitor the continuing effectiveness of this policy, the Board of Directors reviews the currency profile of cash balances and managements accounts.

It is the Group's policy to enter into long term borrowings at fixed rates of interest where possible to reduce the Group's exposure to cash flow interest rate risk. During the years ended December 31, 2021, and December 31, 2020, the long term borrowings of the Group were subject to fixed rates of interest.

During the year 2021, the Group earned interest on its interest-bearing financial assets at rates between 0% and 1%. The effect of a 1% change in interest rates obtainable during the year on cash and on short-term deposits would be to increase or decrease the Group loss before tax by US\$578,000 (2020: US\$174,000).

In addition to cash balances maintained in US\$, the Group had balances in £ and € amongst others at year-end. A theoretical 10% adverse movement in the year end €:US\$ exchange rate would lead to an increase in the Group loss before tax by US\$4,005,000 with a corresponding reduction in the Group loss before tax with a 10% favorable movement. A theoretical 10% adverse movement in £:US\$ exchange rates would lead to an increase in the Group loss before tax by US\$114,000 with a corresponding reduction in the Group loss before tax with a 10% favorable movement.

### Credit risk

The Group and Company has no significant concentrations of credit risk. Exposure to credit risk is monitored on an ongoing basis. If necessary, the Group maintains specific provisions for potential credit losses. As at December 31, 2021, there has been no requirement for such provisions. The Group maintains cash and cash equivalents with various financial institutions. The Group performs regular and detailed evaluations of these financial institutions to assess their relative credit standing. The carrying amount reported in the balance sheet for cash and cash equivalents approximate their fair value. Credit risk is the risk that the counterparty will default on its contractual obligations resulting in financial loss. Credit risk arises from cash and cash equivalents and from exposure via deposits with the Group's bankers. For cash and cash equivalents, the Group only uses recognized banks with high credit ratings.

Credit risk related to customers is managed through risk assessment procedures, through assessment of credit quality, taking into account the financial position of the customer, past experience and other factors. The compliance with credit terms is monitored on a regular basis by management. Credit terms may vary from one month to several months depending on the region and customer. The major customers contribute to 36% of the total trade receivables of the group outstanding as at December 31, 2021 (2020: 42%).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group assesses ECL based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## **25. Commitments and contingencies**

### ***Contingent consideration and contingent value rights***

See Note 6, *Business combinations and asset acquisitions*, in relation to contingent consideration and contingent value rights as a result of the acquisition of Amryt GmbH and Aegerion.

### ***License Agreements***

In connection with metreleptin, the Group has license agreements for the exclusive license and patents for the use of metreleptin to develop, manufacture and commercialize a preparation containing metreleptin. Under the license agreements the Group is required to make royalty payments on net sales on a country-by-country basis. During the year ended December 31, 2021, following the Aegerion acquisition on September 24, 2019, the Group recorded aggregate royalty expenses to third parties of US\$23,905,000 (2020: US\$20,492,000).

The Group holds a license agreement for the exclusive, worldwide license of certain know-how and a range of patent rights applicable to lomitapide. The Group is obligated to use commercially reasonable efforts to develop, commercialize, market and sell at least one product covered by the licensed patent right, such as lomitapide. Additionally, the Group is required to make royalty payments on net sales of products. During the year ended December 31, 2021, following the Aegerion acquisition on September 24, 2019, the Group recorded aggregate royalty expenses to third parties of US\$1,992,000 (2020: US\$2,026,000).

As part of consideration for the acquisition of Amryt GmbH, royalty payments payable to the sellers are as follows: (a) 9% of (i) net ex-factory sales, and (ii) net revenues in either case relating to Oleogel-S10; and (b) 6% of: (i) net ex-factory sales; and (ii) net revenues relating to other betulin products, with the relevant royalty periods essentially being ten years from first commercial sale of the relevant product (other than in respect of Imlan).

The Group entered into a license agreement for the exclusive, worldwide license to the patent rights for a novel polymer-based topical gene therapy delivery platform for potential use in the treatment of rare genetic diseases. The first product candidate utilizing this platform, AP103, is currently in preclinical development for the treatment of recessive dystrophic EB, a subset of severe EB. Under the license agreement Amryt is required to pay milestone payments and, upon the sale of product, royalty payments on net sales of products.

The Group entered into a license agreement for the non-exclusive, worldwide license to the patent rights for the design and development of gene coded therapy vectors and methods for making such vectors, in order for Amryt to develop and commercialize its genetic encoded therapies relating to AP103. Under this agreement Amryt is required to make milestone payments and royalty payments on net sales of products.

The Group is party to a license agreement for the exclusive license of certain know-how and a range of patent rights in order for Amryt to develop and commercialize its genetic encoded therapies relating to AP104. Under this agreement Amryt is required to make royalty payments on net sales of products.

### **Legal matters**

Prior to the acquisition of Aegerion by Amryt, Aegerion entered into settlement agreements with governmental entities including the Department of Justice (“DOJ”) and the FDA in connection with Juxtapid investigations. The settlement agreements require Aegerion to pay specified fines and engage in regulatory compliance efforts. Subsequent to the acquisition, Aegerion made US\$23,036,000 of settlement payments, including interest. The settlements have been paid in full with the last payment completed in Q1 2021. As at December 31, 2021, there is no DOJ liability outstanding. The remaining liability outstanding as at December 31, 2020, of US\$3,976,000 was included in current provisions and other liabilities.

### **Other matters**

The Group recognizes a liability for legal contingencies when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Group reviews these accruals and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel and other relevant information. To the extent new information is obtained and the Group’s views on the probable outcomes of claims, suits, assessments, investigations or legal proceedings change, changes in the Group’s liability accrual would be recorded in the period in which such determination is made. At December 31, 2021, the Group had recognized liabilities of US\$6,000,000 in relation to ongoing legal matters (2020: US\$6,000,000). At December 31, 2020, the Group also had recognized a non-current liability of US\$21,382,000 for revenue rebates due on metreleptin sales in a country in the EMEA region following on from agreeing a reimbursement price with the government authorities. The reimbursement agreement, which was agreed in March 2021, results in a one-off revenue rebate payment on sales up to the date of approval. The one-off payment is due to be paid to the authorities in July 2022 and this is included within accrued expenses, see Note 21, *Trade and other payables*.

### **Lease commitments**

The Group had no finance lease commitments in 2021 (2020: nil). See Note 24, *Fair value measurement and financial risk management* for details on operating lease commitments.

## **26. Investment in subsidiaries**

	<b>Total</b>
	<b>US\$'000</b>
<b>Cost</b>	
At date of incorporation	280,962
Additions	60,973
At December 31, 2020	341,935
Additions	278,025
At December 31, 2021	619,960
<b>Impairment</b>	
At date of incorporation	—
Impairment charge	—
At December 31, 2020	—
Impairment charge	—
At December 31, 2021	—
<b>Net book value</b>	
At December 31, 2020	341,935
At December 31, 2021	619,960

During the year ended December 31, 2021, the Company issued 127,740,695 ordinary shares in connection with the acquisition of Chiasma. In total, these ordinary shares were issued to the former Chiasma Shareholders in the form of 25,548,139 ADSs at US\$10.19 per share, to acquire Chiasma for a value of US\$260,336,000. In addition to this, at the date of acquisition Chiasma had outstanding equity awards that were held by Chiasma employees. The fair value of these awards transferred to Amryt on acquisition were measured in accordance with IFRS 2. The portion of the value of the equity transferred to Amryt attributable to pre-combination service is included in the consideration at the date of acquisition and this amounted to US\$10,157,000. The value of the shares issued, and the value of equity transferred for equity awards are recognised in investments in subsidiaries, see Note 6, *Business combinations and asset acquisitions*, for more details. Additions also include the value of share options relating

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to employees of subsidiaries, the cost of which recognised in investments in subsidiaries, see Note 5, *Share based payments*, for more details.

During the year ended December 31, 2020, the Company provided a capital contribution of US\$56,059,000 to its immediate subsidiary Amryt Pharma Holdings Limited. Additions also include the value of share options relating to employees of subsidiaries, the cost of which recognised in investments in subsidiaries, see Note 5, *Share based payments*, for more details.

The carrying value of the investments are directly linked to the subsidiaries of Amryt Pharma Holdings Limited including the portfolio owned by Amryt Pharmaceuticals Inc. and Amryt Pharmaceuticals DAC. The carrying value of these investments are held at cost and will be reviewed at each reporting date for indicators of impairment. No impairment was identified by management during the year (2020: nil).

**List of subsidiary companies:**

<b>Subsidiary</b>	<b>Ownership</b>	<b>Activities</b>	<b>Company number</b>	<b>Incorporation</b>	<b>2021 % holding</b>	<b>2020 % holding</b>
Amryt Pharma Holdings Limited	Direct	Holding company and management services	5316808	UK	<b>100</b>	100
Amryt Pharmaceuticals Designated Activity Company	Indirect	Product Sales and management services	566448	Ireland	<b>100</b>	100
Amryt Research Limited	Indirect	Pharmaceuticals R&D	571411	Ireland	<b>100</b>	100
Amryt Endocrinology Limited	Indirect	Pharmaceuticals R&D	572984	Ireland	<b>100</b>	100
Amryt Lipidology Limited	Indirect	Licensee for Lojuxta	593833	Ireland	<b>100</b>	100
Amryt Genetics Limited	Indirect	Pharmaceutical R&D	622577	Ireland	<b>100</b>	100
Amryt Pharma (UK) Limited	Indirect	Management services	10463152	UK	<b>100</b>	100
Amryt Pharma Italy SRL	Indirect	Management services	2109476	Italy	<b>100</b>	100
Amryt Pharma Spain S.L.	Indirect	Management services	B67130567	Spain	<b>100</b>	100
Amryt GmbH	Indirect	Product Sales and Pharmaceuticals R&D	HRB 711487	Germany	<b>100</b>	100
SomPharmaceuticals SA	Indirect	Pharmaceuticals R&D and management services	CHE-435.396.568	Switzerland	<b>100</b>	100
Cala Medical Limited	Indirect	Pharmaceuticals R&D	598486	Ireland	<b>100</b>	100
Amryt Distribution Limited	Indirect	Dormant	667507	Ireland	<b>100</b>	100
Amryt Pharmaceuticals Inc.	Indirect	Product Sales Management services	3922075	USA	<b>100</b>	100
Amryt Endo, Inc. (formerly Chiasma, Inc.)	Indirect	Product Sales Management services	3380352	USA	<b>100</b>	-
Chiasma Securities Corp	Indirect	Holding company	001194998	USA	<b>100</b>	-
Chiasma (Israel) Limited	Indirect	Management services	513104026	Israel	<b>100</b>	-
Aegerion International Limited	Indirect	Holding company	52048	Bermuda	<b>100</b>	100
Aegerion Pharmaceuticals Holdings, Inc.	Indirect	Holding company	5213687	USA	<b>100</b>	100
Aegerion Argentina S.R.L.	Indirect	Management services	901-709682-0	Argentina	<b>100</b>	100

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Aegerion Pharmaceuticals (Canada) Limited	Indirect	Management services	85134 5132 RT0001	Canada	<b>100</b>	100
Amryt Colombia S.A.S.	Indirect	Management services	R048196625	Colombia	<b>100</b>	100
Amryt Brasil Comercio E Importacao De Medicamentos LTDA (formerly Aegerion Brasil Comercio E Importacao De Medicamentos LTDA)	Indirect	Management services	3522602510-1	Brazil	<b>100</b>	100
Aegerion Pharmaceuticals Limited	Indirect	Management services	46134	Bermuda	<b>100</b>	100
Aegerion Pharmaceuticals Limited	Indirect	Management services	8114919	UK	<b>100</b>	100
Amryt Pharmaceuticals SAS	Indirect	Management services	534 195 59900012	France	<b>100</b>	100
Aegerion Pharmaceuticals Srl	Indirect	Management services	1166250	Italy	<b>100</b>	100
Amryt Pharma GmbH	Indirect	Management services	HRB 95895	Germany	<b>100</b>	100
Amryt Turkey İlaç Ticaret Limited Şirketi (formerly Aegerion İlaç Ticaret Limited Şirketi)	Indirect	Management services	907292	Turkey	<b>100</b>	100
Aegerion Pharmaceuticals SARL	Indirect	Management services	CHE-497.494.599	Switzerland	<b>100</b>	100
Aegerion Pharmaceuticals B.V.	Indirect	Management services	69859647	Netherlands	<b>100</b>	100
Aegerion Pharmaceuticals Spain, S.L.	Indirect	Management services	B88019161	Spain	<b>100</b>	100

**List of registered offices:**

<b>Company</b>	<b>Registered Office Address</b>
Amryt Pharma Holdings Limited	C/O Corporation Service Company (Uk) Limited, 5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU
Amryt Pharmaceuticals Designated Activity Company	45 Mespil road, Dublin 4
Amryt Research Limited	45 Mespil road, Dublin 4
Amryt Endocrinology Limited	45 Mespil road, Dublin 4
Amryt Lipidology Limited	45 Mespil road, Dublin 4
Amryt Genetics Limited	45 Mespil road, Dublin 4
Amryt Pharma (UK) Limited	C/O Corporation Service Company (Uk) Limited, 5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU
Amryt Pharma Italy SRL	Milano (MI)-Via Dell'Annunciata 23/4
Amryt Pharma Spain S.L.	Barcelona, calle Diputacio, number 260
Amryt GmbH	Streiflingsweg 11, 75223 Niefern-Öschelbronn
SomPharmaceuticals SA	Bahnhofstrasse 21, 6300 Zug
Cala Medical Limited	45 Mespil road, Dublin 4
Amryt Distribution Limited	45 Mespil road, Dublin 4
Amryt Pharmaceuticals Inc.	2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808
Amryt Endo, Inc. (formerly Chiasma, Inc.)	1209 Orange Street, Wilmington, New Castle County, Delaware 19801
Chiasma Securities Corp	155 Federal Street, Suite 700, Boston, MA 02110
Chiasma (Israel) Limited	5 Golda Meir Street, Nes Ziona 7403649 Israel
Aegerion International Limited	Clarendon House, 2 Church Street, Hamilton, HM11
Aegerion Pharmaceuticals Holdings, Inc.	2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808
Aegerion Argentina S.R.L.	Avda. Camacua 421, Suite 102, Olivos, Vicente Lopez, 1636



Aegerion Pharmaceuticals (Canada) Limited	5300 Commerce Court West, 199 Bay Street, Toronto, ON M5L 1B9
Amryt Colombia S.A.S.	CR 12 89 33 P 5, Bogota DC, Bogota 110111
Amryt Brasil Comercio E Importacao De Medicamentos LTDA (formerly Aegerion Brasil Comercio E Importacao De Medicamentos LTDA)	Rua Joseefina, 200-Guarulhos City, Sao Paulo
Aegerion Pharmaceuticals Limited	Clarendon House, 2 Church Street, Hamilton, HM11
Aegerion Pharmaceuticals Limited	C/O Corporation Service Company (Uk) Limited, 5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU
Amryt Pharmaceuticals SAS	235, Avenue Le Jour se Leve, Boulogne-Billancourt, 92 100
Aegerion Pharmaceuticals Srl	Viale Abruzzi n. 94, Milano, 20131
Amryt Pharma GmbH	Streiflingsweg 4, 75223 Niefern-Öschelbronn, Germany.
Amryt Turkey İlaç Ticaret Limited Şirketi (formerly Aegerion İlaç Ticaret Limited Şirketi)	Orjin Maslak, Eski Büyükdere Caddesi No: 27 K:11, Maslak, Istanbul, 34485
Aegerion Pharmaceuticals SARL	Rue de Pontets 6, Lavigny, Switzerland 1175
Aegerion Pharmaceuticals B.V.	Atrium Building, 8th Floor, Strawinskylaan 3127, 8e verdieping, Amsterdam
Aegerion Pharmaceuticals Spain, S.L.	Calle Josep Coroleu, 83 2-2, Vilanova I la Geltru, Barcelona 08800

## 27. Events after the reporting period

### **Development Pipeline**

On February 28, 2022, Amryt received a Complete Response Letter from the (FDA) regarding its (NDA) for Oleogel-S10, for the treatment of the cutaneous manifestations of EB, a rare, genetic skin disease characterized by extremely fragile skin that blisters and tears from minor friction or trauma for which there are no approved treatment options.

The FDA communicated that it had completed its review of the application and has determined that the application cannot be approved in its present form. The FDA has asked Amryt to submit additional confirmatory evidence of effectiveness for Oleogel-S10 in EB. Amryt intends to discuss with the FDA the nature of the data required to address the Agency's concerns.

On March 8, 2022, Amryt announced the completion of a successful pharmacokinetic (PK) study for Mycapssa® (oral octreotide). The data supports a planned Phase 3 study of Mycapssa® in the treatment of patients with carcinoid symptoms due to Neuroendocrine Tumors (NET).

On April 22, 2022, the CHMP has adopted a positive opinion, recommending the approval of Filsuvez® in the EU for the treatment of partial thickness wounds associated with dystrophic and junctional EB in patients six months and older. Based on this CHMP recommendation a decision by the EC is expected on the Filsuvez® application within 67 days. The CHMP positive opinion is supported by Phase 3 data from the EASE trial which was the largest ever global trial conducted in patients with EB, performed across 58 sites in 28 countries.

### **Debt refinancing**

On February 22, 2022, Amryt announced that it secured US\$125,000,000 of senior credit facilities from funds managed by the Credit Group of Ares Management Corporation ("Ares"). Amryt used a portion of the proceeds to refinance its previous secured term debt facility, which had an outstanding balance of US\$93,988,000 as at February 22, 2022, an interest rate of 13.00% and a maturity date of September 2024. The new facilities will generate significant annual interest cost savings as well as provide for important strategic flexibility as Amryt looks to continue to grow its global rare disease presence.

Key features of the new facilities include:

- Total new facilities of \$125 million, consisting of:
  - \$85 million Term Loan Facility with interest rate of Secured Overnight Financing Rate ("SOFR")+6.75%, subject to a 0.90% SOFR floor
  - \$40 million Revolving Credit Facility with \$20 million drawn at close and interest rate of SOFR+4.00%, subject to a 0.90% SOFR floor
  - Quarterly blended cash interest rate of SOFR+5.87% (assuming fully drawn), subject to a 0.90% SOFR floor, substantially lower than Amryt's previous secured term debt facility at 13.00% interest
- Requires interest-only payments until facility matures in February 2027



- There are no warrants or any equity conversion features associated with the new facilities
- The proceeds will be used to refinance existing debt, for general corporate and product development purposes; and potentially for shareholder approved share repurchase programs.

Charges were taken over certain assets of the company and its material entities as guarantee and collateral for the provision of the debt.

***EMA Contingent Value Rights Payment***

Following the CHMP positive opinion for Filsuvez® on April 22, 2022, the EMA CVR issued to those Amryt shareholders and option holders who held Amryt shares or options prior to the acquisition of Aegerion Pharmaceuticals, Inc. ("CVR Holders") will now become payable.

The total amount payable to CVR Holders will be approximately US\$5,700,000. Each CVR Holder will be issued with one loan note of US\$0.0995 for each CVR they hold (each a "Loan Note"). The certificates for the Loan Notes will be held by the Company's Registrar, Link Group ("Link"), in electronic form on behalf of each CVR Holder.

The Loan Notes will be redeemed in full on September 14, 2022 (the "Payment Date") in accordance with the terms and conditions of the CVR Deed Poll and the Deed Poll constituting the Loan Notes (the form of which was appended to the CVR Deed Poll), which was executed by the Company on May 3, 2022. The total amount due to each CVR Holder will be paid by cheque on the Payment Date.

**Amryt Pharma plc**  
**Company Information**

**Registered Office**

Dept 920A  
196 High Road  
Wood Green  
London N22 8HH  
United Kingdom

**Company Number**

12107859

**Directors**

Ray Stafford (Non-Executive Chairman)  
Dr. Joe A. Wiley (Chief Executive Officer)  
George P. Hampton Jr. (Non-Executive Director)  
Dr. Alain H. Munoz (Non-Executive Director)  
Donald K. Stern (Non-Executive Director)  
Dr. Patrick V.J.J. Vink (Non-Executive Director)  
Stephen T. Wills (Non-Executive Director)  
Raj Kannan (Non-Executive Director) (appointed on August 5, 2021)  
Dr. Roni Mamluk (Non-Executive Director) (appointed on August 5, 2021)

**Company Secretary**

Rory Nealon

**Auditors**

Grant Thornton  
13-18 City Quay  
Dublin 2  
Ireland

**Company Website**

[www.amrytpharma.com](http://www.amrytpharma.com)