



Amryt Pharma plc

Interim Report June 2016

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Chairman's Statement

Introduction

We are pleased to report on the progress of Amryt Pharma plc ("**Amryt**" or the "**Company**") and present the unaudited interim results for the six-month period ended 30 June 2016. This interim report represents the first financial reporting period since the re-admission of the Company to trading on AIM and ESM following the reverse takeover of Fastnet Equity plc by Amryt Pharmaceuticals DAC ("**Amryt DAC**").

Reverse Takeover of Fastnet Equity plc ("**RTO**")

On 18 April 2016, Amryt DAC successfully completed the reverse takeover of Fastnet Equity plc and raised £10 million before costs in a share placing. On the same date Amryt DAC completed the acquisitions of Birken AG ("**Birken**") and SomPharmaceuticals ("**SOM**") and Fastnet Equity plc was renamed Amryt Pharma plc.

Overview

Amryt is focussed on developing and delivering innovative new treatments to help improve the lives of patients with rare and orphan diseases. Amryt's lead product, Episalvan[®], received marketing approval for the treatment of partial thickness wounds ("**PTW**") from the European Commission in January 2016. Amryt intends to develop Episalvan[®] further by seeking its approval as a new treatment for a distressing hereditary skin disorder called Epidermolysis Bullosa ("**EB**") in both Europe and the US.

The Group's second product, AP102, is a novel somatostatin analogue for patients with rare neuroendocrine diseases with unmet need. In particular AP102 is focused on pituitary brain tumours that over-produce growth hormone leading to a disease known as acromegaly.

Growth of the Business and Future Developments

Since the RTO on 18 April the Group has made excellent progress in both its EB and acromegaly (AP102) development programs. In particular we have been finalising the protocol for the pivotal phase 3 study in EB. We have submitted this protocol to the European Medicines Agency ("**EMA**"), the regulatory authorities in Europe, and have scheduled a meeting with the US Food and Drug Administration ("**FDA**") for Q4 2016. We have also finalised our selection of clinical research organisation ("**CRO**") for our phase 3 study and, subject to regulatory sign-off, we anticipate that the study will enrol its first patient in Q1 2017. We currently expect the study to be completed within 18 months of commencement with top line data available in H1 2018.

We are also very pleased to report today that our key patent for the use of Episalvan[®] in the treatment of EB has been granted in the US. We already have a similar patent in Europe for the treatment of all partial thickness wounds. Both of these patents have an expiry date in 2030. Combined with our existing patent portfolio which covers the extraction method and the formulation of our product, we believe that we have a very robust patent portfolio which will protect Episalvan[®] for a considerable period of time.

We believe that the commercial potential for Episalvan in EB is compelling, given the size of the market and the fact that there is currently no treatment available for this disease which causes considerable suffering. The severity of EB varies, but all patients suffer from the common characteristic of skin and mucous membranes that blister or shed in response to even minimal friction or trauma. The skin of an EB patient is often so fragile that it can stick to even non adhesive dressing material resulting in further suffering for the patient and damage to their skin.

We believe that the unique characteristics of Episalvan[®] could significantly improve the quality of life for EB sufferers since our product not only increases wound healing but also offers further benefits

Chairman's Statement

such as forming a barrier between the wound and the dressings. This significantly reduces the opportunity for dressings to stick to the wound, which is a common and painful occurrence for EB sufferers.

During the period we applied for orphan designation for our acromegaly (AP102) product with the FDA and we are expecting a response by the end of the year. We also commenced a diabetic rat study with our AP102 product which if positive will support our application for orphan designation in Europe from the EMA. We expect that this study will be complete in the coming weeks.

Corporate and Financial

The results for the current period combine those of Amryt DAC for the period from 1 January 2016 to 18 April 2016 and those of the enlarged group for the period from 19 April 2016 to 30 June 2016, which includes the reverse takeover of Fastnet Equity plc and acquisitions of Birken and SOM.

The Group's financial results for the half year are in line with the Board's expectations.

Revenues for the period of €161,000 are from the sales of Imlan, the company's derma-cosmetics range of products which have been relatively constant in recent years. As anticipated, the loss for the period amounted to €4,114,000 (2015: loss of €1,194,000). This includes an operating loss before one-off items associated with the RTO and acquisitions of €2,141,000. Of this amount €321,000 relates to the pre-RTO period to 18 April and €1,820,000 to the period post 18 April. The post-acquisition operating loss of €1,820,000 also includes non-cash intangible amortisation of €461,000 and share based payments of €71,000. The post-acquisition EBITDA excluding once off RTO related costs is €1,288,000.

In April 2016, as part of the reverse takeover, the Company successfully raised £10 million (c.€12.6 million) before costs. After the 8 for 1 share reorganisation and the issue of new shares on the re-admission to trading on AIM and ESM the Company now has 208,339,632 new ordinary shares of 1p in issue. As at 30 June 2016 the Company had a strong balance sheet with €11.7 million in cash reserves (2015: €171,000). As at 31 August the Company had cash reserves of €10.7 million.

Board Appointment

On 27 June 2016, we were delighted to welcome Markus Ziener to the Board of Directors as a non-executive Director. Mr Ziener is the CFO of Software AG Stiftung, a 20.9% shareholder in Amryt. He has also been a long term supporter of the Birken business and was Chairman of the Birken Supervisory Board until the Company acquired the business.

Mr Ziener's appointment strengthens our already highly experienced Board and senior management team. The Company now has a robust and appropriate structure in place to help drive the development of the business over the coming years.

Outlook

Amryt has an attractive mix of approved, late stage and early stage products focused on rare and orphan conditions where there is significant unmet need. We have made excellent progress in the short time since the RTO on 18 April and expect this to continue in the second half of the year.

Harry Stratford

Non-executive Chairman

12 September 2016

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Note	Unaudited 6 months to 30 June 2016 €'000	Audited For the period ended 31 December 2015 €'000
Revenue		161	—
Cost of sales		(94)	—
Gross profit		67	—
Research and development expenses		(597)	—
Administrative, selling and marketing expenses		(1,079)	(66)
Amortisation of intangible assets	4	(461)	—
Share based payment expenses	7	(71)	—
Operating loss before acquisition related costs & finance expense		(2,141)	(66)
Reverse takeover and acquisition related costs	4	(887)	(484)
Non-cash deemed cost of reverse takeover	4	(971)	—
Net finance expense		(115)	(644)
Loss on ordinary activities before taxation		(4,114)	(1,194)
Tax on loss on ordinary activities		—	—
Loss and total comprehensive loss for the period attributable to the equity holders of the Company		(4,114)	(1,194)
Loss per share:			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (cent)	3	(3.48)	(2.14)

Consolidated Statement of Financial Position
As at 30 June 2016

	Note	Unaudited 30 June 2016 €'000	Audited 31 December 2015 €'000
Assets			
Non-current assets			
Property, plant and equipment	5	1,326	—
Intangible assets	4	44,103	—
Total non-current assets		45,429	—
Current assets			
Trade and other receivables		544	1,599
Inventories		640	—
Cash and cash equivalents		11,668	171
Total current assets		12,852	1,770
Total assets		58,281	1,770
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	6	20,419	1
Share premium	6	43,695	—
Other reserves		(22,234)	—
Retained deficit		(5,308)	(1,194)
Total equity		36,572	(1,193)
Non-current liabilities			
Contingent consideration	4	20,745	—
Total non-current liabilities		20,745	—
Current liabilities			
Trade and other payables		964	2,963
Total current liabilities		964	2,963
Total liabilities		21,709	2,963
Total equity and liabilities		58,281	1,770

Consolidated Statement of Cash Flows
For the six months ended 30 June 2016

	Note	Unaudited 6 months to 30 June 2016 €'000	Audited For the period ended 31 December 2015 €'000
Cash flows from operating activities			
Loss on ordinary activities before taxation		(4,114)	(1,194)
Net interest expense		115	644
Depreciation and amortisation		519	—
Share based payment expense	7	71	—
Reverse takeover and acquisition related costs	4	887	484
Non-cash deemed cost of reverse takeover	4	971	—
Movements in working capital and other adjustments:			
Change in trade and other receivables		6	(54)
Change in trade and other payables		(491)	322
Change in inventories		77	—
Net cash flow (used in)/from operating activities		(1,959)	202
Cash flow from investing activities			
Cash consideration on acquisition of Birken AG	4	(10,150)	(1,000)
Cash inflow on acquisition of Birken AG	4	705	—
Cash inflow on reverse takeover of Fastnet Equity plc		11,996	—
Expenses incurred on reverse takeover and acquisitions	4	(887)	(484)
Payments for property, plant and equipment	5	(11)	—
Deposit interest received		1	—
Net cash flow from/(used in) investing activities		1,654	(1,484)
Cash flow from financing activities			
Proceeds from issue of equity instruments - net of expenses		11,250	1
Issue of convertible debenture securities		545	1,455
Short term loans received		—	1,000
Repayment of short term loans		—	(1,003)
Net cash flow from financing activities		11,795	1,453
Exchange and other movements		7	—
Net change in cash and cash equivalents		11,497	171
Cash and cash equivalents at beginning of period		171	—
Cash and cash equivalents at end of period		11,668	171

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Note	Share capital €'000	Share premium €'000	Share based payment reserve €'000	Merger reserve €'000	Reverse acquisition reserve €'000	Exchange translation reserve €'000	Retained deficit €'000	Total €'000
Balance at 17 August 2015		—	—	—	—	—	—	—	—
Loss and total comprehensive loss for the period		—	—	—	—	—	—	(1,194)	(1,194)
Issue of shares		1	—	—	—	—	—	—	1
Balance at 31 December 2015 (Audited)		1	—	—	—	—	—	(1,194)	(1,193)
Balance at 1 January 2016		1	—	—	—	—	—	(1,194)	(1,193)
Loss and total comprehensive loss for the period		—	—	—	—	—	—	(4,114)	(4,114)
Issue of share by Amryt DAC on acquisition of Birken		—	11,179	—	—	—	—	—	11,179
Issue of share by Amryt DAC on acquisition of SOM		—	3,715	—	—	—	—	—	3,715
Issue of share by Amryt DAC on conversion of convertible debenture securities		—	2,600	—	—	—	—	—	2,600
Issue of shares on acquisition of Amryt DAC	6	1,557	—	—	35,818	—	—	—	37,375
Issue of placing shares	6	526	8,474	2,251	—	—	—	—	11,251
Share based payments	7	—	—	71	—	—	—	—	71
Foreign exchange translation reserve		—	—	—	—	—	(2)	—	(2)
Reverse acquisition adjustment		18,335	17,727	1,734	—	(62,106)	—	—	(24,310)
Balance at 30 June 2016 (Unaudited)		20,419	43,695	4,056	35,818	(62,106)	(2)	(5,308)	36,572

Reverse acquisition reserve

The reverse acquisition reserve arose during the period ended 30 June 2016 in respect of the acquisition by Amryt Pharma plc of Amryt Pharmaceuticals DAC ("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.

Merger reserve

The merger reserve was created on the acquisition of Amryt DAC. Consideration on the acquisition included the issuance of shares. Under section 612 of the Companies Act 2006, the premium on these shares has been included in a merger reserve.

Notes to the Interim Results

1. General Information

Amryt Pharma plc (“**Amryt**” or the “**Company**”) is a company incorporated in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the Company Information section at the end of this report. The Company is listed on the AIM market of the London Stock Exchange (ticker: AMYT.L) and the Enterprise Securities Market of the Irish Stock Exchange (ticker: AYP).

Amryt is a specialty biopharmaceutical company focused on the development and commercialisation of new medicines for rare conditions with unmet needs and is committed to bring new hope to people affected by these rare diseases.

The interim results of the Company for the six-month period ended 30 June 2016 comprise the Company and its subsidiaries (together the “**Group**”).

2. Basis of Preparation

The interim results have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (“**IFRS**”) as adopted by the European Union (“**EU**”), and their interpretations adopted by the International Accounting Standards Board (“**IASB**”). As is permitted by the AIM rules the Directors have not adopted the requirements of IAS34 “Interim Financial Reporting” in preparing the financial statements. Accordingly, the financial statements are not in full compliance with IFRS and have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The accounting policies used in the preparation of the interim financial information are the same as those used in the Company’s audited financial statements for the year ended 31 December 2015 and are expected to be used in the 31 December 2016 year-end financial statements.

The financial information for the six months ended 30 June 2016 is unaudited. The Directors consider that the financial information presented in this Interim Report represents fairly the financial position, operations and cash flows for the period, in conformity with IFRS. The Interim Report for the six months ended 30 June 2016 was approved by the Directors on 12 September 2016.

Reverse Acquisition

On 18 April 2016 Fastnet Equity plc (“Fastnet”) became the legal parent company of Amryt Pharmaceuticals DAC (“Amryt DAC”) in a share for share transaction, and on the same date changed its name from Fastnet to Amryt Pharma plc (“Amryt”). Due to the relative size of the companies, Amryt DAC’s shareholders became the majority shareholders of the enlarged share capital (before a share placing on the same date). In addition, the Company’s continuing operations and executive management became those of Amryt DAC. Under IFRS rules the acquisition constitutes a reverse acquisition of Fastnet by Amryt DAC. It would normally be necessary for the Company’s consolidated accounts to follow the legal form of the business combination – with Amryt DAC’s results from the acquisition date of 18 April 2016 consolidated into the Group results. In this case, the consolidated accounts have been treated as being a continuation of the accounts of Amryt DAC with Fastnet being treated for accounting purposes as the acquired entity.

As the consolidated group results represent a continuation of the financial statements of the legal subsidiary (Amryt DAC), the assets and liabilities of Amryt DAC have been recognised and measured in the consolidated results at their pre-combination carrying amounts. The retained earnings and other equity balances recognised are the retained earnings and other equity balances of Amryt DAC immediately before the business combination and the amount recognised as issued equity instruments has been determined by adding to the issued equity of Amryt DAC immediately before the business combination the cost of the combination, being the value of notional shares issued by

Notes to the Interim Results

Amryt DAC. To comply with UK company law adjustments have been made to the consolidated reserves to reflect the equity structure of the legal parent company.

Comparative Information

The comparative figures presented are those for Amryt DAC and relate to the period from incorporation on 17 August 2015 to 31 December 2015. The financial information presented for the comparative period is an extraction from Amryt DAC's audited accounts on which the auditors issued an unqualified report; the information presented does not constitute full accounts for that period.

Summary of Significant Accounting Policies

Research and Development Expenses

The costs relating to the development of products are accounted for in accordance with IAS 38 "Intangible Assets", where they meet the criteria for capitalization. Research costs are expensed when they are incurred.

The assessment whether development costs can be capitalized requires management to make significant judgements. In management's opinion, the criteria prescribed under IAS 38.57 "Intangible Assets" for capitalising development costs as assets have not yet been met by the Company. Accordingly, all of the Company's costs related to research and development projects are recognised as expenses in the income statement in the period in which they are incurred.

Business Combinations

Business combinations 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. In the consolidated Financial Statements, acquisition costs incurred are expensed and included in general and administrative expenses.

Frequently, the acquisition of pharmaceutical patents and licences 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 recognised at cost.

Acquired Intangibles Assets

Acquired intangible assets are stated at the lower of cost less provision for amortisation and impairment or the recoverable amount. Acquired intangibles assets are amortised over their expected useful economic life on a straight line basis and are tested for impairment annually. In determining the useful economic life each acquisition is reviewed separately and consideration given to the period over which the Group expects to derive economic benefit. Intangibles assets acquired during the current period have all been determined to have a useful economic life of 20 years.

Share based payments

The Group issues share options as an incentive to certain senior management and staff. The fair value of options granted is recognised as an expense with a corresponding credit to the share-based payment reserve. 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

Notes to the Interim Results

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.

The Group may issue warrants to key consultants, advisers and suppliers in payment or part payment for services or supplies provided to the Group. In addition, the Company may grant warrants to subscribers as part of the issue of new ordinary shares in the Company. The fair value of warrants granted is recognised as an expense unless the grant relates to the issue of new ordinary shares in the Company in which case the fair value is recognised in share premium. 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.

3. Loss per Share – Basic and Diluted

In the current period the weighted average number of shares in the loss per share (“LPS”) calculation reflects the legal subsidiary’s, Amryt Pharmaceuticals DAC (“Amryt DAC”), weighted average pre-combination ordinary shares multiplied by the exchange ratio established in the acquisition, and the weighted average total actual shares of the legal parent, Amryt Pharma plc (“Amryt”), in issue after the date of acquisition.

The comparative LPS figure is based on Amryt DAC’s reported loss for the period divided by the weighted average number of shares in issue in Amryt DAC for the period multiplied by the exchange ratio established in the acquisition.

Issued share capital – Ordinary Shares of £0.01 each

	Number of shares	Weighted average shares
17 August 2015 – Shares on Incorporation	11,615,044	
24 August 2015 - Issue of shares by Amryt DAC ¹	46,460,177	
31 December 2015	58,075,221	55,683,886
18 April 2016 - Issue of shares by Amryt DAC on acquisition of Birken	37,048,622	
18 April 2016 - Issue of shares by Amryt DAC on acquisition of SOM	12,277,102	
18 April 2016 - Issue of shares by Amryt DAC on conversion of convertible debentures securities	8,590,365	
19 April 2016 – Issue of shares by Amryt Pharma plc - share for share exchange on acquisition of Amryt DAC B ordinary shares ¹	7,503,786	
19 April 2016 - Issue of share by Amryt Pharma plc – share consolidation	43,171,134	
19 April 2016 - Issue of share by Amryt Pharma plc – share placing	41,673,402	
30 June 2016	208,339,632	118,346,111

¹ As part of the 24 August 2015 share placing, Amryt DAC issued B ordinary shares. These shares have not been included in the pre-acquisition weighted average number of shares as they do not carry rights to dividends or repayment of capital on the winding up of Amryt DAC.

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

	6 months to 30 June 2016	Period to 31 December 2015
Loss after tax attributable to equity holders of the parent (€'000)	(4,114)	(1,194)
Weighted average number of Ordinary Shares in issue	118,346,111	55,683,886
Fully diluted average number of Ordinary Shares in issue	118,346,111	55,683,886
Basic and diluted loss per share (pence)	(3.48)	(2.14)

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.

Notes to the Interim Results

The share options and warrants outstanding as at 30 June 2016 totalled 30,289,331 (31 December 2015: 1,307,466) and are potentially dilutive.

4. Business Combinations and Asset Acquisitions

Reverse Acquisition of Fastnet Equity Group plc by Amryt Pharmaceuticals DAC

On 16 October 2015, Fastnet Equity plc ("**Fastnet**") signed non-binding heads of terms with Amryt Pharmaceuticals DAC ("**Amryt DAC**"), for the acquisition of Amryt DAC's entire issued and to be issued share capital. The acquisition was completed on 18 April 2016 and on the same date Amryt DAC completed the acquisitions of Birken AG ("**Birken**") and SomPharmaceuticals ("**SOM**"), for consideration satisfied by the issue of new ordinary shares in Amryt DAC. To complete the acquisition of Amryt DAC a total of 123,495,095 new ordinary shares of 1p in Fastnet were issued at an issue price of 24p per share ("**Consideration Shares**").

As detailed in note 2 the acquisition by Fastnet of Amryt DAC has been treated for accounting purposes as a reverse acquisition by Amryt DAC of Fastnet. In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary (Amryt DAC) in the form of notional equity instruments issued to the owners of the legal parent. The value of the notional shares is calculated by reference to the proportion of shares that would be needed to be issued by Amryt DAC to Fastnet if the old shareholder base of Fastnet was to acquire the same percentage holding in Amryt DAC as it received in the combined Group.

The value of these notional shares issued by Amryt DAC was compared to the Net Asset value of Fastnet on the date of acquisition and the excess (€971,000) was charged to the Statement of Comprehensive Income as a deemed cost of the business combination.

In addition, €887,000 in professional fees was charged to the Statement of Comprehensive Income in the current period (2015: €484,000) as part of the costs associated with the reverse acquisition and acquisition of Birken and SOM (see details below). These costs include legal, due diligence, accounting and tax advisory and corporate finance.

Acquisition of Birken

Amryt DAC signed a conditional share purchase agreement to acquire Birken on 16 October 2015 ("**Birken SPA**"). The Birken SPA was completed on 18 April 2016 with Amryt DAC acquiring the entire issued share capital of Birken. The consideration comprises:

- Initial cash consideration of €1,000,000 (paid by Amryt DAC prior to its acquisition by the Company);
- Milestone payments of:
 - €10,000,000 on receipt of first marketing approval by the EMA of Episalvan, paid on the completion date (18 April 2016);
 - Either (i) €5,000,000 once net ex-factory sales of Episalvan have been at least €100,000 or (ii) if no commercial sales are made within 24 months of EMA first marketing approval (being 14 January 2016), €2,000,000 24 months after receipt of such approval and €3,000,000 following the first commercial sale;
 - €10,000,000 once net ex-factory sales/net revenue in any calendar year exceed €50,000,000;
 - €15,000,000 once net ex-factory sales/ net revenue in any calendar year exceed €100,000,000;
 - €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 Epidermolysis Bullosa;
- Cash consideration of €150,000, due and paid on the completion date (18 April 2016);
- Royalties of 9% on sales of Episalvan products for 10 years from first commercial sale; and

Notes to the Interim Results

- Shares in Amryt DAC that equated to a 30% equity shareholding prior to the acquisition of Amryt DAC by the Company. The Birken sellers received 37,048,622 in Consideration Shares (valued at €11.2 million) for their shareholding in Amryt DAC.

Provisional Fair Value Measurement of Milestone Payments/Contingent Consideration

As at the acquisition date, the fair value of the contingent consideration was estimated to be €20,745,000. The fair value is determined using a present value technique. A discount rate of 12% was used in the calculation.

Provisional Fair Value Measurement of Assets Acquired

The fair values set out below are provisional figures which will be finalised in the 31 December 2016 financial statements following the completion of management's final review of key judgmental areas relating to acquired intangibles assets, property, plant and equipment and inventories.

Assets acquired and liabilities acquired:

	Provisional FV at date of acquisition €'000
Assets	
Intangible assets	40,478
Property, plant and equipment	1,373
Cash and cash equivalents	705
Inventories	717
Trade and other receivables	133
Total assets	43,406
Liabilities	
Accounts payable and accrued liabilities	332
Total liabilities	332
Total net assets	43,074
Consideration	
Issue of fully paid Ordinary Shares	11,179
Cash consideration	11,150
Contingent consideration	20,745
Total consideration	43,074

SOM Acquisition

Amryt DAC entered into conditional stock purchase agreements to acquire SomPharmaceuticals SA and SomTherapeutics, Corp on 15 December 2015 and 4 December 2015 respectively ("Som SPAs"). The aggregate consideration payable under the Som SPAs was US\$4.25 million which was satisfied by the issue of US\$4.15 million in new ordinary shares in Amryt DAC and US\$100,000 in cash to the shareholders of SOM. The SOM SPAs were completed on 18 April 2016. The SOM sellers received 12,277,102 of Consideration Shares for their shareholding in Amryt DAC. The acquisition of SOM has been treated as an asset acquisition with the value of the consideration issued, €4,086,000, recognised as an Intangible Asset.

Amortisation during the period

The Company acquired Intangible Assets with a provisional fair value of €44,564,000 (Birken Acquired Intangible Assets: €40,478,000, SOM Acquired Intangible Assets: €4,086,000). The acquired Intangible

Notes to the Interim Results

Assets are to be amortised over a term of 20 years. During the current period an amortisation charge of €461,000 has been included in the statement of comprehensive income.

List of subsidiary companies:

Subsidiary companies	Activities	Company Number	Incorporation	% holding
Amryt Pharmaceuticals DAC	Holding company and management services	566448	Ireland	100
Amryt Research Limited	Pharmaceuticals R&D	571411	Ireland	100
Amryt Endocrinology Limited	Pharmaceuticals R&D	572984	Ireland	100
Birken AG	Pharmaceutical sales and R&D	HRB 711487	Germany	100
SomPharmaceuticals SA	Pharmaceuticals R&D	CHE-435.396.568	Switzerland	100
SomTherapeutics, Corp	Pharmaceuticals R&D	P14000071235	USA	100

There were no active subsidiary companies at 31 December 2015. The results for the period ending 31 December 2015 relate entirely to those of Amryt Pharmaceuticals DAC.

5. Property, plant and equipment

	Property €'000	Plant and Machinery €'000	Office Equipment €'000	Total €'000
Cost				
At 17 August 2015 and 31 December 2015	—	—	—	—
Additions	—	—	11	11
Acquired on acquisition of Birken AG	337	811	225	1,373
At 30 June 2016	337	811	236	1,384
Accumulated depreciation				
At 17 August 2015 and 31 December 2015	—	—	—	—
Depreciation charge	18	27	13	58
At 30 June 2016	18	27	13	58
Net book value at 17 August 2015	—	—	—	—
Net book value at 31 December 2015	—	—	—	—
Net book value at 30 June 2016	319	784	223	1,326

Notes to the Interim Results

6. Share capital – Company

Details of ordinary shares of 1p each issued are in the table below:

Date	Number of ordinary shares	Number of deferred shares	Total Share Capital €'000	Total Share Premium €'000
At 31 December 2015	43,171,134	—	18,336	35,221
19 April – Share consolidation	(43,171,134)	—	(18,336)	—
19 April – Issue of new ordinary share on share consolidation	43,171,134	—	603	—
19 April - Creation of deferred shares on share consolidation	—	43,171,134	17,733	—
19 April 2016 - Issue of ordinary shares at £0.24p on acquisition of Amryt Pharmaceuticals DAC	123,495,096	—	1,557	—
19 April 2016 – Issue of ordinary shares at £0.24p	41,673,402	—	526	8,474
At 30 June 2016	208,339,632	43,171,134	20,419	43,695

On 19 April 2016, every 8 ordinary shares of par value 3.8p in the Company at close of business on 18 April 2016 (total shares 345,369,071) became 1 new ordinary share of par value 1p (total shares 43,171,134) and 1 deferred share of par value 29.4p (total shares 43,171,134). The rights attaching to the new ordinary shares of 1p are identical in all respects to those of the old ordinary shares of 3.8p.

The deferred shares created are effectively valueless as they do not carry any rights to vote or dividend rights. In addition, holders of deferred shares are only entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of ordinary shares of 1p each have received a payment of £10,000,000 on each such share. The deferred shares are not and will not be listed or traded on the Official List, AIM, the ESM or any other investment exchange and are only transferable in limited circumstances.

On 19 April 2016, 123,495,096 ordinary shares of 1p were issued as part of the completion of the acquisition of Amryt Pharmaceuticals DAC by the Company. Under section 612 of the Companies Act 2006, the premium on these shares has been included in the merger reserve.

On 19 April 2016, 41,673,402 ordinary shares of 1p were issued at 24p per share as part of a £10,000,000 (before expenses) fund raising.

7. Share-based payments

The Company has issued share options as an incentive to certain senior management and staff. In addition, the Company has issued warrants to key consultants, advisers and suppliers in payment or part payment for services or supplies provided to the Group. All share options granted during the period were granted under the terms of the Amryt Share Option Plan and are subject to performance vesting conditions. All warrants were granted under individual agreements as part of the April 2016 share placing. In addition to the share options and warrants granted during the period a total of 1,307,466 share options and warrants were in existence at 31 December 2015 that relate to the old oil and gas business.

Each share option and warrant converts into one Ordinary Share of Amryt Pharma plc on exercise and are accounted for as equity-settled share-based payments. The options and warrants may be exercised at any time from the date of vesting to the date of their expiry. The equity instruments granted carry neither rights to dividends nor voting rights.

Notes to the Interim Results

Share options and warrants in issue:

	Share Options ¹		Warrants ¹	
	Units	Weighted average exercise price	Units	Weighted average exercise price
Balance at 17 August 2015	1,415,954	133.6p	661,512	120.8p
Lapsed during the year	(600,000)	201.6p	(170,000)	176.0p
Balance at 31 December 2015	815,954	84.0p	491,512	102.4p
Exercisable at 31 December 2015	815,954	84.0p	491,512	102.4p
Balance at 1 January 2016	815,954	84.0p	491,512	102.4p
Granted during the period	6,071,914	22.1p	22,909,951	24.0p
Balance at 30 June 2016	6,887,868	29.4p	23,401,463	25.6p
Exercisable at 30 June 2016	815,954	84.0p	21,328,208	25.8p

¹ Following the 19 April share consolidation, as described in note 6, all existing rights attached to share options and warrants were amended to reflect the new share structure. The rights are now over Amryt Pharma plc new ordinary shares of 1p, with the original units divided by a factor of 8 and the original exercise price increased by a factor of 8. The pre 19 April 2016 numbers included in the table above have been adjusted to take into account the share consolidation.

The fair value 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 following are the inputs to the model for the equity instruments granted during the period:

	Options Inputs	Warrant Inputs
Days to Expiry	2,555	1,006-1,844
Volatility	47%-50%	50%
Risk free interest rate	0.82%	0.82%
Share price at grant	18.12p-24p	24p

During the current period a total of 6,071,914 share options exercisable at a weighted average price of £0.221 were granted. The fair value of share options granted during the period is €574,000. The share options outstanding as at 30 June 2016 have a weighted remaining contractual life of 6.17 years with exercise prices ranging from £0.1812 to £1.20.

During the current period, as part of the share placing that coincided with the completion of the reverse takeover of the Company, a total of 22,909,951 warrants exercisable at a weighted average price of £0.24 were granted. The fair value of warrants granted during the period is €2,251,000. The warrants outstanding as at 30 June 2016 have a weighted remaining contractual life of 2.69 years with exercise prices ranging from £0.24 to £1.12.

The value of share options and warrants charged to the Statement of Comprehensive Income during the period is as follows:

	6 months to 31 June 2016 €'000	Period to 31 December 2015 €'000
Share options	71	—
Total	71	—

In addition to the above charges, a further €2,251,000 was charged to share premium during the period.

Notes to the Interim Results

8. Copy of the Interim Report

Copies of the Interim Report are available to download from the Company's website at www.amrytpharma.com.

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Rory Nealon – CFO/COO
James Culverwell - Non-executive Director
Cathal Friel – Non-executive Director
Ray Stafford - Non-executive Director
Markus Ziener - Non-executive Director

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