October 28, 2025

Alkermes Q3 2025 Earnings Conference Call Prepared Remarks

Sandy Coombs:

Welcome to the Alkermes plc conference call to discuss our financial results and business update for the quarter ended September 30, 2025. With me today are Richard Pops, our CEO, Blair Jackson, our Chief Operating Officer, Todd Nichols, our Chief Commercial Officer, and Joshua Reed, our Chief Financial Officer.

A slide presentation, along with our press release, related financial tables and reconciliations of the GAAP to non-GAAP financial measures that we'll discuss today, are available on the Investors section of alkermes.com. We believe the non-GAAP financial results, in conjunction with the GAAP results, are useful in understanding the ongoing economics of our business.

Our discussions during this conference call will include forward-looking statements. Actual results could differ materially from these forward-looking statements. Please see slide 2 of the accompanying presentation, our press release issued this morning, and our most recent annual and quarterly reports filed with the SEC, for important risk factors that could cause our actual results to differ materially from those expressed or implied in the forward-looking statements. We undertake no obligation to update or revise the information provided on this call or in the accompanying presentation as a result of new information or future results or developments.

After our prepared remarks, we will open the call for Q&A, and now I will turn the call over to Richard for some opening remarks.

Richard Pops:

Alkermes delivered a strong third quarter. It was marked by solid commercial execution, significant progress in our development pipeline, robust financial performance and continued execution across our strategic priorities. Today, we are raising our financial expectations for 2025, reflecting our confidence in the momentum of the business.

Before we dive into the results for the quarter and our increased expectations for the remainder of 2025, I'd like to take a moment on the announcement we made last week regarding our proposed acquisition of Avadel Pharmaceuticals. This transaction is an important step forward in Alkermes' strategic evolution for three compelling reasons. First, we gain an FDA-approved medicine with significant growth potential. LUMRYZ is the first and only FDA-approved, once-at-bedtime oxybate for the treatment of cataplexy or excessive daytime sleepiness in patients 7 years or older with narcolepsy. It has already shown strong market uptake since launch. In 2025, it is expected to generate $265–$275 million in net revenue. Once the transaction is complete, it will immediately diversify our commercial portfolio and strengthen our profitability.

Second, this acquisition will accelerate our commercial entry into the sleep medicine market. It will provide a well-established foundation for the potential launch of

alixorexton, our promising orexin 2 receptor agonist in development for narcolepsy and idiopathic hypersomnia. Avadel is a recognized leader in sleep medicine and has successfully built and scaled a high-performing commercial organization. With positive phase 2 data for alixorexton in narcolepsy type 1 now in hand, data from Vibrance-2 in NT2 that we expect to report in November, and plans to initiate a global phase 3 program early next year, we have reached a new level of conviction in the potential of our orexin platform.

And third, the financial strength of the combined company will enhance our ability to support a diversified development strategy in sleep disorders. This will include alixorexton, as well as our additional orexin 2 receptor agonist candidates, ALKS 4510 and ALKS 7290, which recently entered the clinic. Avadel's development pipeline also has the potential to broaden our offerings for the sleep community, with an ongoing phase 3 study of LUMRYZ in idiopathic hypersomnia and valiloxybate, a no-salt oxybate candidate in early-stage development.

The proposed acquisition reinforces our commitment to neuroscience, gives us additional scale and builds on our legacy of innovation in complex psychiatric and neurological disorders. The transaction is a compelling opportunity to accelerate our growth trajectory and is squarely aligned with our financial and strategic priorities. Upon closing, which we currently expect in Q1, we will be able to provide more color on our expectations for the combined business.

Joshua Reed:

I'm pleased to join you today for my first earnings call as Chief Financial Officer of Alkermes. I'm excited to be part of a company with a strong financial foundation, a clear strategic vision, and a deep commitment to delivering value for shareholders while advancing innovative medicines that have the potential to make a meaningful difference for patients.

Since joining, I've spent time getting to know our teams, our operations, and our financial priorities. I've been impressed by the discipline and focus that drive our performance, and I look forward to building on that momentum.

Now, turning to our financial results.

Our third quarter results were strong, reflecting continued commercial and operational execution. Financially, the year is tracking ahead of our expectations, and based on our performance through the first nine months, we are raising our full-year 2025 financial guidance today.

For the third quarter, we generated total revenues of $394.2 million, driven primarily by our portfolio of proprietary products which generated net sales of $317.4 million, reflecting 16% year-over-year growth. These results were driven by strong underlying demand, which Todd will address in his remarks, and gross-to-net favorability, primarily related to Medicaid utilization rates, which drove a one-time gross-to-net benefit of

approximately $8 million for VIVITROL and approximately $5 million for ARISTADA. As we move into the fourth quarter, we expect Q4 net sales from this portfolio in the range of $300 to $320 million.

Manufacturing and royalty revenues were $76.8 million for the third quarter, including revenues of $35.6 million from VUMERITY and $30.2 million from the long-acting INVEGA products.

Turning to expenses.

Costs of goods sold were $51.6 million, which compared favorably to $63.1 million for Q3 last year, primarily reflecting efficiencies following the sale of our Athlone-based manufacturing business last year.

R&D expenses were $81.7 million, compared to $59.9 million for Q3 last year, reflecting investments in the Vibrance phase 2 studies of alixorexton across narcolepsy and idiopathic hypersomnia, and first-in-human studies and development efforts for our next orexin 2 receptor agonist candidates, ALKS 4510 and ALKS 7290.

SG&A expenses were $171.8 million, compared to $150.4 million for Q3 last year, reflecting the expansion of our psychiatry field organization earlier this year and promotional activities related to LYBALVI. In Q4, we expect a modest increase in SG&A primarily reflecting activities related to the Avadel transaction.

This performance generated strong profitability of GAAP net income of $82.8 million, EBITDA of $96.9 million, and Adjusted EBITDA of $121.5 million in the third quarter.

As we look ahead, based on our strong commercial performance and momentum through the first nine months of the year, we are on track to deliver record revenues from our portfolio of proprietary products in 2025. As a result, we are raising our 2025 full-year guidance to reflect our current expectations of total revenues of $1.43 to $1.49 billion, GAAP net income of $230 to $250 million, EBITDA of $270 to $290 million, and Adjusted EBITDA of $365 to $385 million. Our full expectations are outlined in the press release issued this morning.

Turning to our balance sheet. We ended the quarter in a strong position, with $1.14 billion in cash and total investments. For the acquisition of Avadel, we will use cash from our balance sheet, in conjunction with bank debt to finance the transaction. As we close the transaction and finalize the financing, we will be in a position to provide more details.

Taking a step back, Alkermes is one of the few biopharmaceutical companies that has successfully transitioned into a fully integrated, profitable commercial organization with an exciting development pipeline. I step into this role at a time when the company is operating from a position of financial strength, with a clear growth trajectory and near-term opportunities with the potential to drive meaningful value for shareholders.

I’m energized by the opportunity to help shape that next phase of our growth, working closely with the rest of the leadership team to support our strategic priorities and drive long-term value creation. I look forward to engaging with many of you in the weeks ahead and to contributing to the continued success of Alkermes.

Todd Nichols:

In the first three quarters of the year, we executed with discipline against our targeted growth initiatives. This focus drove strong, consistent performance across our three proprietary brands – underscoring the strength of our commercial strategy and capabilities. We’re encouraged by the momentum we’ve built and remain confident in our ability to carry it forward.

In the third quarter, we recorded net sales from our proprietary product portfolio of $317.4 million, reflecting 16% year-over-year growth. We drove strong end-market demand across VIVITROL, ARISTADA and LYBALVI.

Starting with VIVITROL. Net sales in the third quarter were $121.1 million. VIVITROL performance continued to be driven by growth in the alcohol dependence indication market, and our ability to capitalize on highly localized market dynamics in certain states and payer systems. For the full year 2025, we now expect VIVITROL net sales in the range of $460 to $470 million, compared to our prior expectation of $440 to $460 million.

Turning to our psychiatry franchise. The expansion of our psychiatry sales force earlier this year was a key strategic initiative designed to enhance our competitive share of voice. With our expanded footprint, we have been able to significantly increase the frequency of our call volume for high priority prescriber targets across LYBALVI and ARISTADA. This increased share of voice, along with strong execution, has driven increased breadth of prescribers for both brands.

For the ARISTADA product family, in the third quarter, net sales were $98.1 million. Leading indicators related to underlying demand were encouraging, with increased prescriber breadth and strong new to brand prescriptions during the quarter. For the full year 2025, we now expect ARISTADA net sales in the range of $360 to $370 million, compared to our prior expectation of $335 to $355 million.

Turning to LYBALVI. Net sales grew 32% year-over-year to $98.2 million. Underlying TRx growth was 25% year-over-year, driven by new patient starts and prescriber breadth. Gross-to-net adjustments were approximately 28% in the third quarter. For the full year, we now expect LYBALVI net sales in the range of $340 to $350 million, compared to our prior expectation of $320 to $340 million.

Across the portfolio, we are pleased with our performance through the third quarter and enter the final stretch of the year with strong momentum and a clear focus on delivering against our full-year objectives.

Richard Pops:

I think you can see from the results that the company is performing well across each of the key aspects of our business. During the quarter, our commercial teams delivered strong operational and financial performance, and our R&D teams made major strides in advancing our expanding development pipeline.

I'd like to make some comments about both aspects of the business. First, commercial. We enter the final quarter of the year ahead of plan and with good momentum into year end. Over many years, we have developed capabilities necessary to operate in challenging payer and policy environments. By design, we manufacture our proprietary products in the United States and do not commercialize these products outside of the U.S. We are growing our business by growing demand based on the clear clinical attributes of our medicines and maintaining a disciplined contracting strategy consistent with our view of their significant value.

Now R&D. Our portfolio of orexin 2 receptor agonists is advancing rapidly, led by alixorexton.

The first phase 2 dataset for alixorexton was presented at World Sleep in September. In the Vibrance-1 study, alixorexton demonstrated compelling therapeutic benefits in patients with narcolepsy type 1, with a profound effect on excessive daytime sleepiness and cataplexy along with a generally well-tolerated safety profile. Taken together with

the clinically meaningful improvements in fatigue and cognitive function demonstrated in the study, we believe alixorexton has the potential to transform the treatment of NT1.

At World Sleep, the competitive positioning for alixorexton in NT1 also came clearly into focus. In this large, randomized, double-blind, multi-week study, alixorexton, administered once daily across a range of doses, demonstrated new, potential best-in-class features. With data from this rigorous phase 2 study now in hand, we are confident in the profile of alixorexton in NT1 and are moving rapidly to initiate the phase 3 registrational program in the first quarter of next year.

We expect to be first-to-market in narcolepsy type 2 and idiopathic hypersomnia.,
We completed enrollment of Vibrance-2 in patients with narcolepsy type 2 toward the end of the summer and expect to report topline data in November. In idiopathic hypersomnia, Vibrance-3 is enrolling well and we expect data from that study in mid 2026. Like Vibrance 1, these are both large, well-powered phase 2 studies designed to provide substantial datasets informing potential phase 3 development.

We are building a significant body of clinical data that deepens our understanding of orexin biology and its therapeutic potential in central disorders of hypersomnolence and beyond. Equally important, the phase 2 studies are yielding key learnings related to study design and implementation that we believe will be invaluable for phase 3 and help support alixorexton’s competitive position in narcolepsy.

Beyond alixorexton and sleep disorders, additional candidates from our portfolio of orexin 2 receptor agonists are advancing well. ALKS 4510 is in the clinic and progressing quickly through single- and multiple-ascending dose studies in healthy volunteers. We expect to complete this phase 1 work early next year and move quickly into proof-of-concept studies in the disease areas that we plan to pursue.

For ALKS 7290, we have filed the IND and recently initiated our first-in-human study. Across our orexin development programs, we have demonstrated in clinical or preclinical models that orexin 2 receptor agonists may have powerful effects, not only on wakefulness, but also across domains related to fatigue, cognition, attention and mood. We look forward to sharing more on both of these candidates next year as they complete their phase 1 healthy volunteer studies.

So to wrap up. The third quarter was a clear demonstration of Alkermes' strong execution, commercial momentum, and scientific leadership. We continue to operate from a position of financial strength as we advance our pipeline and generate a growing body of data and insights that inform our strategy and reinforce our conviction in the opportunities ahead. With disciplined focus and a commitment to innovation and the patients we serve, we are well-positioned to deliver long-term value for shareholders. We look forward to sharing our progress.