July 28, 2026

Alkermes Q2 2026 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 June 30, 2026. With me today are Richard Pops, our CEO, Joshua Reed, our Chief Financial Officer, Todd Nichols, our Chief Commercial Officer, and Blair Jackson, our Chief Operating Officer, and incoming CEO.

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 report 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:

A few months ago, we announced that I would be handing the CEO reins to Blair while continuing to serve as Chairman. That transition becomes official next week, making this my final earnings call as CEO.

When we made that announcement in February, it reflected my confidence in the strength of Alkermes' leadership team and how effective we have been in positioning the company for its next major phase of growth. At the time, we had a strong sense of what the coming months could bring. I'm pleased to say that many of our most optimistic expectations have become reality. What does that mean in practical terms?

Most notably, Alkermes' leadership position in orexin development is now quite clear. While our initial focus is on disorders of hypersomnolence, such as narcolepsy and idiopathic hypersomnia, we increasingly see orexin as a platform with the potential to address a broad range of serious conditions where this neurocircuitry plays an

important role, such as ADHD, fatigue, and other potential psychiatric, neurodevelopmental and neurodegenerative diseases.

Alixorexton is at the leading edge of that opportunity. It remains the only orexin 2 receptor agonist to have demonstrated efficacy and tolerability across both narcolepsy type 1 and narcolepsy type 2 in large phase 2 studies. Importantly, its clinical profile has shown benefit beyond improvements in excessive daytime sleepiness, with evidence of meaningful effects on cognition and fatigue as well. We have continued to share these findings, presenting the first phase 2 dataset in narcolepsy type 2 at the SLEEP meeting in June and, most recently, the topline results of an interim analysis of our alixorexton long-term extension study in NT1 and NT2, which demonstrated sustained improvement in wakefulness and other measures for up to nine months of treatment.

Today, we are actively enrolling patients in our phase 3 narcolepsy program, which remains on track for expected completion next year. At the same time, we are advancing alixorexton in idiopathic hypersomnia in our Vibrance-3 phase 2 study. Vibrance-3 adds a new element to the program with a split dose arm. The split dose regimen is designed to extend the pharmacodynamic effects of alixorexton later into the day and expand our competitive profile as we seek to meet the spectrum of needs of individual patients.

We have now introduced two additional orexin compounds into clinical development, each exploring a new avenue of potentially significant commercial and medical opportunity. ALKS 7290 is currently enrolling adults with ADHD, with initial phase 1b clinical data expected by the end of the third quarter. ADHD represents one of the largest and most compelling potential applications of orexin biology, and we look forward to gaining our first insights into its activity in this population.

In addition, ALKS 4510 is planned to enter phase 2 in fatigue later this year, initially focused on patients with multiple sclerosis or Parkinson's disease. Fatigue remains one of the most debilitating and poorly treated symptoms across a number of neurological disorders, and we expect initial data from this program next year.

Our advantageous competitive position has become increasingly evident. Today, Alkermes is setting the pace in orexin biology, with a robust and expanding foundation of clinical evidence in narcolepsy and now generating new datasets across a number of development candidates and disease states. The result is an R&D pipeline with both depth and momentum, and we enter the second half of the year with a series of meaningful clinical readouts ahead of us.

But there is more to Alkermes than the pipeline. We have built a significant commercial business that serves hundreds of thousands of patients, generates substantial cash

flow, and provides the foundation that allows us to invest for the future. And here, too, a number of important developments have unfolded largely as we anticipated they could.

The first relates to LYBALVI, our oral antipsychotic medicine. For several years, we have been pursuing a deliberate strategy of steadily expanding access while carefully balancing the economics of our gross-to-net profile. This past quarter marked an important milestone in that effort. Through new contracting arrangements that we believe will help drive increased uptake of LYBALVI, we expanded access strategically with three of the largest Part D plans, where LYBALVI is now on formulary. With this expansion, LYBALVI is now covered for more than 80% of insured lives. That level of access means that patients who may benefit from LYBALVI have a better chance of getting it and, importantly, provides a strong platform for continued prescription growth in the years ahead.

The second relates to VIVITROL, our long-standing medicine for the treatment of alcohol and opioid dependence. Given its unique clinical profile and the distinct treatment settings in which it is used, we have always believed that VIVITROL would have a long commercial life. Today, more than two decades after its launch, VIVITROL continues to grow.

Earlier this month, we announced the termination of our agreement with Amneal for an authorized generic of VIVITROL, so we can say now conclusively that there will be no

AG for VIVITROL in 2027. As we have discussed many times before, VIVITROL's manufacturing requires specialized sterile facilities and formulation expertise. This has created meaningful barriers to entry, as evidenced by the fact that today there remains only one approved ANDA. And, as we look ahead to 2027, the actual timing of that generic's market entry remains uncertain. So, we see VIVITROL continuing to be a strong contributor to our commercial business in the years ahead.

The third major development has been the acquisition and integration of Avadel and the LUMRYZ brand. As reflected in today's results, the integration of the Avadel team and the LUMRYZ business has proceeded exceptionally well. In fact, as we have gained experience with the medicine and the impact it can have on patients, our enthusiasm for its long-term potential has only increased. Importantly, last quarter we reported positive phase 3 results for LUMRYZ in idiopathic hypersomnia, positioning us to pursue an sNDA submission and, if approved, a launch in that indication in March 2028.

Taken together, these developments underscore how substantially Alkermes has evolved. From a standing start in sleep only a few years ago, we have become one of the leading companies in hypersomnolence disorders, with both a growing commercial presence in narcolepsy and a differentiated research and development platform.

More broadly, we believe the biology underlying sleep and wakefulness represents one of the most compelling frontiers in neuroscience, with opportunities that may extend well

beyond today's approved therapies and well beyond narcolepsy. We expect this to remain a fertile area for innovation and drug development for many years to come.

So, as I reflect on where the company stands today, I would say that much of what we hoped to accomplish has begun to take shape. Our commercial business is strong. Our pipeline is advancing. Our scientific leadership has never been more apparent. It is exciting. So, I will end my prepared remarks for my last earnings call on a note of great optimism and appreciation for the remarkable opportunity this company has provided me.

Todd Nichols:

I'm pleased to report another quarter of strong commercial execution. During the second quarter, our teams remained focused on supporting patient access, driving demand for our commercial products and delivering strong performance across addiction, psychiatry and sleep medicine.

In the second quarter, net sales from our proprietary product portfolio increased 34% year-over-year to $411.7 million, reflecting solid demand across our psychiatry and addiction portfolios and our first full quarter of commercial contribution from LUMRYZ.

Starting with VIVITROL. Net sales in the second quarter were $124.5 million, reflecting solid year-over-year performance. Results were driven by growth in underlying demand in the alcohol dependence market, as well as approximately $4 million of gross-to-net favorability, primarily related to favorable patient mix. For the full year, we continue to expect VIVITROL net sales for 2026 in the range of $460 to $480 million. We remain confident in the strength and durability of our VIVITROL business, and look forward to expanding our impact with this important medicine.

For our psychiatry franchise, in the second quarter, net sales for the ARISTADA product family were $96.7 million. Results reflected solid underlying demand as well as approximately $4 million of gross-to-net favorability, primarily related to favorable patient mix. We are encouraged by recent growth trends in the long-acting injectable antipsychotic space and ARISTADA's performance in that market. For the full year 2026, we continue to expect ARISTADA net sales in the range of $365 to $385 million.

LYBALVI net sales grew 12% year-over-year to $94.0 million. Underlying TRx growth was 18% year-over-year, driven by sustained momentum in new patient starts and continued expansion in prescriber breadth. Gross-to-net adjustments were approximately 36% during the second quarter.

This quarter marked a meaningful step forward in the evolution of our long-term access strategy for LYBALVI. We significantly expanded LYBALVI's access position during the

quarter, with coverage now exceeding 80% of all insured lives, with notable access enhancements particularly in the Part D channel. These access gains improve our competitive position and represent a strategic investment in the brand's long-term growth potential. We expect gross-to-nets to expand in the second half of the year and, for the full year, we now expect GTN adjustments in the high 30s. Underlying demand has remained strong and we are maintaining our full-year guidance of LYBALVI net sales in the range of $380 to $400 million.

Turning to our sleep franchise. Q2 marked the first full quarter following our acquisition of Avadel and the LUMRYZ brand. During the quarter, the team delivered strong performance and generated LUMRYZ net sales of $96.6 million. We exited the quarter with approximately 3,900 patients on therapy. Our strategic focus is on providing a strong access profile and driving adoption among prescribers, while providing extensive patient support services. In addition to strong underlying demand, our Q2 results included approximately $7 million of benefit related to timing of wholesaler inventory shipments at quarter-end. I'll discuss how we expect that to impact Q3 in a moment.

For the full year, we continue to expect LUMRYZ to generate total net sales in the range of $350 to $370 million. Of this, we expect Alkermes to record $315 to $335 million, reflecting the mid-February close of the transaction.

In sleep medicine, we have the unique opportunity to both grow the LUMRYZ brand while preparing for the potential future launch of alixorexton. We believe the combination of our commercial capabilities, deep expertise in central disorders of hypersomnolence and differentiated portfolio encompassing both oxybate and orexin mechanisms uniquely positions Alkermes as a leader in sleep medicine.

Looking ahead to the third quarter, excluding the GTN benefits for ARISTADA and VIVITROL, and the $7 million inventory fluctuation for LUMRYZ mentioned earlier, we expect net sales from the four proprietary products to be generally similar to Q2 levels, in the range of $390 to $410 million.

As we enter the second half of the year, we remain focused on disciplined execution, supporting patient access to our medicines and delivering sustained commercial performance across the portfolio. With a seasoned commercial organization, a growing presence in sleep medicine and significant opportunities ahead, we believe we are well-positioned to continue to drive growth and to create long-term value.

Joshua Reed:

In the second quarter, we delivered strong financial results driven by continued growth across our proprietary product portfolio, a full quarter of contribution from LUMRYZ and disciplined execution across the business. Our diversified commercial portfolio and

strong operating performance continued to generate meaningful cash flow and to provide flexibility to invest in our expanding development pipeline.

Turning to our financial results. During the quarter, we generated total revenues of $496 million. These results reflect solid performance for our portfolio of commercial products and the first full quarter of financial contribution from LUMRYZ following the acquisition of Avadel. As Todd outlined, our portfolio of proprietary products generated net sales of $411.7 million.

Manufacturing and royalty revenues were $84.3 million for the quarter, including $30.6 million from VUMERITY, $27.5 million from the long-acting INVEGA products and manufacturing revenue of $20.9 million related to RISPERDAL CONSTA. This represents the majority of our expected manufacturing revenues for CONSTA for 2026 and, as such, we do not expect meaningful revenues from CONSTA for the remainder of the year.

As we move into the third quarter, we expect Q3 total revenues in the range of $450 to $470 million.

Turning to expenses. Cost of goods sold in the second quarter were $98.1 million, which includes the purchase price fair value accounting of LUMRYZ inventory that we

described last quarter. This compared to $49.5 million in Q2 of the prior year, prior to the acquisition of Avadel. In the third quarter, we expect COGS to be in the range of $85 to $95 million.

R&D expenses in the quarter were $112.9 million, compared to $77.4 million in Q2 of the prior year, reflecting continued advancement of our orexin portfolio. That program has expanded to include a number of ongoing studies, including the phase 3 alixorexton Brilliance studies in narcolepsy, the Vibrance 3 phase 2 study in idiopathic hypersomnia, and the ALKS 7290 phase 1b study in ADHD, and preparations for the phase 2 study in ADHD, as well as clinical development activities supporting ALKS 4510 as we prepare to enter into phase 2 in fatigue later this year. In the third quarter, we expect R&D expenses to be in the range of $120 to $130 million.

SG&A expenses were $217.6 million for the quarter, compared to $170.8 million in Q2 of the prior year. The year-over-year increase primarily reflects the addition of the Avadel commercial infrastructure. As we look ahead to the third quarter, we expect SG&A expense to be fairly flat in the range of $215 to $225 million.

During the quarter we also recorded amortization of intangibles of $22.6 million and net interest expense of $20.6 million.

In addition, we recorded a change in the fair value of contingent consideration of $26.4 million related to the CVR milestone associated with our acquisition of Avadel, which we deemed more likely to be achieved following the recently announced positive phase 3 results for LUMRYZ in IH.

In Q2, we recorded GAAP net income of $0.5 million and EBITDA of $49 million. Adjusted EBITDA was $139.2 million, which we believe is more representative of cash generated by the business during the quarter. Looking ahead to the third quarter, we expect Adjusted EBITDA to be in the range of $80 to $100 million.

For the year, we are reiterating our financial expectations across all line items, with the exception of GAAP net loss and EBITDA, which are impacted by the change in fair value of the contingent consideration that I mentioned earlier. We now expect GAAP net loss in the range of $95 to $115 million and positive EBITDA in the range of $75 to $95 million.

Turning to our balance sheet. We ended the second quarter in a strong position with approximately $690 million in cash and total investments.

Overall, we are pleased with our performance in the first half of the year. Our diversified commercial portfolio, strong balance sheet and ability to generate meaningful cash flow

provide flexibility to invest in our growing development pipeline while maintaining disciplined financial management. We remain focused on executing against our strategic priorities and believe we are well positioned to deliver on our objectives for the

Blair Jackson:

As you've heard, we entered the second half of 2026 with strong commercial and financial momentum and continued execution across our development portfolio. During the first half of the year, we delivered important clinical and operational milestones that further strengthen our long-term growth profile.

Starting with LUMRYZ, as Richard mentioned, in May we announced positive topline results from the phase 3 REVITALYZ study in idiopathic hypersomnia. Based on these results, we plan to submit an sNDA for LUMRYZ in IH by year-end. If approved, this would expand LUMRYZ's growth opportunity into an additional area of significant unmet need, with a potential launch as early as March 2028.

Turning to alixorexton, in June we presented detailed results from the Vibrance-2 study at the annual SLEEP meeting. This marked the first positive phase 2 dataset for an orexin 2 receptor agonist in narcolepsy type 2 and one of the few studies conducted exclusively in this patient population. Importantly, it also provided the first look at the impact of orexin signaling on fatigue and cognition in patients with normal physiological levels of orexin.

We were encouraged, not only by the treatment effects observed across wakefulness, fatigue, cognition and other patient-reported outcomes, but also by the response from the sleep medicine community to these findings. Collectively, the data broaden our understanding of the potential role of orexin biology in patients with normal orexin tone.

Building on these data, earlier this month, we reported interim results from the ongoing alixorexton long-term extension study, or LTE. This is the first long-term study of an orexin 2 receptor agonist to demonstrate sustained clinically meaningful improvements from baseline in wakefulness and excessive daytime sleepiness across both NT1 and NT2. We view these data as highly clinically relevant and there are a number of important elements to this dataset.

First, we observed durable improvements in wakefulness, cognition and fatigue for up to nine months of treatment, with sustained effects over time. Given that narcolepsy is a lifelong disease, durability is a critical attribute for any potential long-term therapy.

Second, the magnitude of benefit remained impressive with up to nine months of treatment. Overall, across measures of wakefulness, cognition and fatigue, most participants were severely symptomatic at baseline. At week 24 of the LTE, most patients across all doses had cognitive functioning scores within the normal or mild

range, and mean fatigue scores were within the normal range. Across all dose groups in both NT1 and NT2, alixorexton sustained clinically meaningful improvements from baseline in mean wakefulness. We believe this is one of the most compelling aspects of the alixorexton profile.

Finally, data from week 24 of the LTE generally demonstrated further improvement in mean wakefulness on the Maintenance of Wakefulness Test and Epworth Sleepiness Scale relative to the results observed during the randomized phase 2 studies. During the first four weeks of the LTE, dose adjustment was permitted, providing flexibility to meet individual needs across narcolepsy patients.

This has important potential implications for clinical practice. Narcolepsy is a heterogeneous disorder, with a spectrum of disease severity and sensitivity to orexin 2 receptor agonists. In a real-world setting, we believe providing a range of dose options would give physicians flexibility to tailor treatment to individual patients and would be an important element of alixorexton’s competitive profile.

Taken together with the generally safe and well-tolerated profile demonstrated in this interim analysis of the extension study, these data strengthen our confidence in alixorexton's potential to become a cornerstone treatment for narcolepsy. As the body of evidence continues to grow, we believe alixorexton is well positioned to help transform

the treatment of narcolepsy and address significant unmet needs for patients living with NT1 and NT2.

Operationally, we have continued our strong focus on clinical execution. The Brilliance phase 3 studies in NT1 and NT2 are active and enrolling, and we are pleased with the progress across the program. In idiopathic hypersomnia, enrollment in the once-daily dosing cohorts of Vibrance-3 has been completed, and the split-dose cohort is actively enrolling. We continue to expect completion of that study in the fourth quarter.

Turning to ALKS 7290 in adult ADHD, we have made substantial progress in our phase 1b study, and we now expect topline results by the end of the third quarter. This randomized, placebo-controlled study is designed to enroll approximately 50 adult patients to establish initial clinical proof-of-concept for ALKS 7290 in ADHD. Participants will receive two weeks of treatment with ALKS 7290 or placebo. This study will assess the safety and tolerability of ALKS 7290 along with the effects of treatment on translational measures including quantitative EEG and certain neuropsychological performance measures. These assessments are designed to evaluate sustained attention, vigilance, and impulse control in a short duration study. While this study is not powered for statistical significance, we will also assess changes from baseline on established clinical ADHD scales, including the Adult ADHD Investigator Symptom Rating Scale, or AISRS.

Importantly, we expect these data will represent the first clinical evaluation of an orexin 2 receptor agonist in patients with ADHD. In parallel, we continue preparations for a larger phase 2 study and expect to begin enrollment in that study this quarter.

Finally, turning to ALKS 4510, fatigue represents another potentially significant opportunity for orexin biology. Our initial strategy is to evaluate fatigue in well-defined patient populations where symptom burden is substantial and meaningful unmet need remains. Our first phase 2a study will enroll participants with fatigue associated with multiple sclerosis or Parkinson's disease, providing an important opportunity to evaluate the impact of orexin signaling in these disease states.

In this placebo-controlled, randomized, double-blind study, we plan to enroll approximately 175 participants with multiple sclerosis or Parkinson’s, for four weeks of treatment. As we look for signal and prepare for later-stage clinical studies, the phase 2a represents an important opportunity to evaluate a number of established fatigue scales including the Modified Fatigue Impact Scale, or MFIS, which is commonly used in patients with MS, the Parkinson’s Disease Fatigue Scale, or PFS-16, the Fatigue Severity Scale as well as the PROMIS-Fatigue scale that we implemented in the alixorexton narcolepsy development program.

As we advance into this area of development, we also plan to engage with the FDA regarding study design and the development pathway. More broadly, we believe fatigue

represents a large and underserved category where meaningful innovation is needed, and we are excited to begin exploring the potential of this mechanism in that setting.

We have built the industry's most comprehensive portfolio of orexin 2 receptor agonists and are now advancing that science across multiple indications where meaningful unmet need remains. The progress we've made over the past year has increased our confidence not only in alixorexton, but in the broader opportunity to leverage orexin biology beyond narcolepsy.

So, as I prepare to take on the responsibilities of the CEO role next week, my objective is simple: deliver on the tremendous opportunities ahead of us -- focusing on what matters most, operating with discipline, and executing with excellence. Under Richard's leadership, Alkermes has grown into a company that has profoundly impacted the lives of countless patients, a company of which we are all immensely proud. As the continuing Chairman of our Board of Directors and a trusted advisor, I am grateful for Richard's ongoing contributions to the company and know he will continue to play an important role in supporting our future success.