Q1 2025 Aide Memoire

Tel Aviv, Israel, March 27, 2025 - Teva Pharmaceutical Industries Ltd. (NYSE and TASE: TEVA) has compiled this document to assist investors with estimating its financial performance ahead of first quarter 2025 results, expected to be released on May 7th, 2025. Going forward, it is Teva's intention to provide this information towards the end of each quarter.

Summary of 2025 Guidance

For 2025, Teva has provided the following guidance, as last updated on January 29, 2025, with the presentation of the 2024 fourth quarter financial results.* Teva does not provide quarterly guidance.

	FY 2025 Guidance		Consensus[1]	
	Amount	**Δ YoY**	**Q1 2025**	**FY 2025**
Revenues ($M)	16,800 - 17,400	+2% - +5%	3,994	17,148
AUSTEDO® Family[2] WW[3] ($M)	~1,900 - 2,050	+13% - +21%	365	1,993
AJOVY® WW ($M)	~600	~+18%	131	591
UZEDY® U.S. ($M)	~160	~+36%	34	166
COPAXONE® WW ($M)	~370	~(26%)	95	385
Non-GAAP Gross Profit Margin[4]	Please see below for commentary.		52.6%	53.6%
Non-GAAP Operating Income ($M)	4,100 - 4,600	(5%) - +6%	964	4,397
Non-GAAP Operating Margin[5]	Please see below for commentary.		24.2%	25.6%
Adjusted EBITDA ($M)	4,500 - 5,000	(6%) - +5%	1,090	4,840
Finance Expenses ($M)	~900	(3%)	221	836
Non-GAAP Tax Rate	15% - 18%	(30 bps) - +270 bps	16.0%	16.5%
Non-GAAP Diluted EPS ($)	2.35 - 2.65	(6%) - +7%	0.52	2.53
Free Cash Flow ($M)	1,600 - 1,900	(23%) - (8%)	189	1,951
Average Shares Outstanding	1,168 million	+2%	1,157	1,164
CAPEX ($M)	~500	~0%	128	540

* Revenues and CAPEX figures above presented on a GAAP basis. All other metrics presented on a non-GAAP basis. Guidance is as of January 29, 2025, and should not be construed as updated or confirmed as of the date hereof in connection with this document. Guidance assumes a full year contribution from Teva API and our business venture in Japan and excludes the expected income from potential milestone payments from Sanofi in connection with the Phase III initiations of duvakitug. Free cash flow includes cash flow from operating activities, beneficial interest collected in exchange for securitized accounts receivables, proceeds from divestitures of businesses and other assets, net of cash used for capital investment.

[1] Virtua Research as of 3/24/2025. Consensus estimates are not internal estimates. The consensus estimates are based on third-party financial analysts' estimates, forecasts and predictions consolidated by an independent company, Virtua Research. To arrive at the consensus figures, Virtua Research has aggregated the expectations of financial analysts from financial institutions that provide global research coverage and have provided us with their financial models who, to the best of our knowledge, cover Teva on a continuous basis. The analyst consensus referred to above is based upon the analyst expectations of a group of 8 financial analysts. These financial analysts cover Teva on their own initiative and Teva is not responsible for their views and does not prepare or check the information upon which they prepare their estimates. Such analyst consensus can only be seen as a consensus view on Teva's expected results from an outside perspective as of the date provided. Various known and unknown risks, uncertainties and other factors could lead to material differences between Teva's actual future results and the guidance and consensus estimates provided here.

[2] AUSTEDO® XR (deutetrabenazine) extended-release tablets and AUSTEDO® (deutetrabenazine) tablets (hereinafter referred to as "AUSTEDO family")

[3] WW = Worldwide

[4] Non-GAAP gross profit margin is non-GAAP gross profit as a percentage of revenue.

[5] Non-GAAP operating profit margin is non-GAAP operating profit as a percentage of revenue.

Currency & Share Count

In a typical quarter, approximately half of Teva's revenues and costs are denominated in currencies other than the U.S. dollar. The euro and other highly correlated currencies constitute Teva's largest foreign currency exposure.

In the first quarter of 2025, Teva expects its share count to be approximately 1,167 million shares.

Revenue

First half of 2025 revenues are expected to be slightly lower than second half of 2025 revenues, with first quarter revenues expected to be lower than second quarter revenues, which is typical for Teva's seasonality.

Key Innovative Products

AUSTEDO Family: Teva sees a healthy market, with significant opportunities for growth given the low levels of patients currently treated with VMAT2 inhibitors. Teva's full year revenue guidance implies +13% to +21% YoY growth in revenues, inclusive of the impact from the Inflation Reduction Act's Part D redesign, which took effect on January 1, 2025. Teva maintains its 2027 target of $2.5B revenue by 2027.

- As shown in the table below, US AUSTEDO Family sales experience significant seasonality. In first quarters, these sales have declined meaningfully from the levels in the preceding fourth quarter while still growing at healthy rates YoY.

AUSTEDO Family Sales Growth

Year	YoY	QoQ
2020	N/A	-10%
2021	20%	-21%
2022	5%	-45%
2023	10%	-51%
2024	66%	-31%

Source: TEVA Filings

Note: QoQ is Q1 of the year compared to Q4 of the prior year.

- Please also note that IQVIA's NPA Audit has historically not captured this seasonality.

UZEDY: UZEDY has ~70% share of the risperidone LAI market, which accounts for ~5% of all LAI injectable prescriptions.[6] Teva expects ~36% growth in revenues in 2025 driven by strong execution and a differentiated product profile. This will be partially offset by the impact of the Part D redesign, for which there is no phase-in given UZEDY's approval date.

AJOVY: Teva expects ~18% growth YoY in revenue in 2025 driven by continued global market share gains.

Other Innovative Products, Generics, Biosimilars, OTC & TAPI

Generics

[6] IQVIA

Generics outside the U.S. account for ~60% of total generic revenues. Teva sees consistent underlying trends in these markets.

Teva's 2025 U.S. generics business forecasts assume a continued downward pricing pressure for the mature portfolio, consistent with recent trends.

In December 2024, another manufacturer began selling generic Victoza® (liraglutide) in the US. Teva launched liraglutide injection 1.8mg (an authorized generic of Victoza®) in June 2024. This is expected to have a negative impact in the first quarter relative to the fourth quarter.

On February 21, 2025, Teva and its partner Alvotech launched SELARSDI® (ustekinumab-aekn) a biosimilar to Stelara® in the US.

Please keep the following in mind when considering the contribution from lenalidomide capsules (generic version of Revlimid®) in the U.S.:

- Teva's agreement with Bristol Meyers Squibb (Celgene) provides a new annual quota in March of each year.
- Historically, Teva primarily sold its quota in the second and third quarters.
- For 2025, the agreements with the settling generics companies provide for increased volume / market share for the generics, including new entrant(s).
- The agreement allows free entry into the market in 2026, at which point Teva expects lenalidomide revenues to decrease substantially.
- Teva pays a percentage of sales to Natco, our predecessor company's partner on the ANDA. Payments to Natco are accounted as part of cost of goods sold.
- In addition, Teva shares profits before tax with AbbVie (Allergan). These payments do not impact the non-GAAP income statement, but do impact the cash flow statement. Adjustments in the value of the contingent consideration balance sheet item related to this arrangement did impact the GAAP income statement, and were excluded for non-GAAP calculations.

Business Venture in Japan

The sale of our generics business under our business venture (BV) in Japan with Takeda, announced on December 6, 2024, is expected to impact our results in 2025, primarily by reducing revenues and non-GAAP operating income while slightly increasing overall margins.

- Teva's 2025 guidance includes a full-year contribution from the BV in Japan (i.e. assumes no divestiture).
- Balance sheet line items for the BV in Japan have already been reclassified to held for sale.
- Teva owns 51% of the BV in Japan and fully consolidates its results. Takeda's 49% share of profits are deducted through minority interest.
- The Teva-Takeda divestiture is expected to close on March 31, 2025, after which Teva will cease to record the business venture' results.
- In December 2024, Takeda announced that they expect to receive approximately JPY 55 billion for their 49% stake, which includes deal proceeds as well as proceeds from a pre-closing dividend.
- Due to the consolidation of the business venture, the cash to fund the pre-closing dividend is already included in Teva's balance sheet.

Teva API

- Teva's 2025 guidance includes a full-year contribution from Teva API (i.e. assumes no divestiture).
- As of December 31st, 2024 balance sheet line items for Teva API have already been reclassified to held for sale.
- Teva API's EBITDA margins on a standalone basis are in-line with Teva's adjusted EBITDA margin.

Margins

Gross Margins

Teva expects non-GAAP gross margin to be between 53% to 54% for FY 2025.

First quarter gross margins are typically 150bps to 250bps below the full year rates.

Gross margins continue to benefit from a positive product portfolio mix shift driven by key innovative brands.

This underlying year-over-year improvement is largely offset by the lack of high-margin sales of product rights compared to 2024, a projected negative impact from foreign exchange, the impact from the Medicare Part D redesign and a decline in legacy brands.

Teva does not expect the benefits from its value acceleration program to contribute to 2025 results.

As previously noted, Teva's guidance does not include any development milestones from Sanofi. If these milestones are earned, consolidated gross margins will be higher.

Operating Margins

Non-GAAP margins are expected to ramp over the course of the year, in line with Teva's revenue trajectory.

Teva expects non-GAAP operating expenses to be in the range of 27% to 28% of sales for FY 2025.

Teva expects GAAP R&D spending as a percentage of revenues to be greater than 2024's 6% level due to increased pipeline investments and a slight reduction in R&D reimbursements received from third parties. Teva includes its 50% share of R&D spending related to duvakitug's phase III trial(s) in its guidance.

Cash Flow, Balance Sheet & Capital Allocation

Cash Flow

Teva's primary use of free cash flow remains debt repayment and payments under its settlement agreements.

In 2023, Teva's first quarter free cash flow was $41 million. In 2024, Teva's first quarter free cash flow was $32 million.

Optimizing working capital remains a focus.

Teva paid $522M in legal settlement payments in 2024 and expects this to be ~$150M higher in 2025 based on the timing of payments for previously settled items. As it relates to opioid settlement

payments specifically, Teva expects to pay $423 million in 2025, $363 million in 2026, $364 million in 2027 and $385 million in 2028.

In 2025, Teva is expected to begin a gradual reduction in our U.S. securitization which will negatively impact free cash flow by $100M to $200M.

Under the terms of the collaboration agreement with Sanofi, Teva is eligible to receive a $250 million development milestone payment from Sanofi upon the start of a Phase III trial for duvakitug (Anti-TL1A) in ulcerative colitis and an additional $250 million for the start of a Phase III trial in Crohn's disease. These are not factored into 2025 guidance.

Balance Sheet

Teva is working to achieve an Investment Grade (IG) credit rating (Baa3 / BBB- or greater).

In January 2025, Teva repaid at maturity $426 million of 6% coupon euro-denominated notes and $427 million of 7.125% coupon USD-denominated notes.

In March 2025, Teva repaid at maturity $527 million of 4.5% coupon euro-denominated notes.

In July 2025, a 350 million CHF 1.0% coupon notes mature.

As of December 31, 2024, there was no amount outstanding under our revolving credit facility.

Summary of 2027 Financial Targets

As part of its Pivot to Growth Strategy, Teva provided the following 2027 financial targets, which we remain on track to meet:

- **Revenue growth (CAGR)**: Mid-single digit %
- **Operating income margin**[7,8]: 30%
- **Net debt/adjusted EBITDA**[8]: 2.0x
- **Cash-to-earnings**[8,9,10] **(Cash Conversion)**: 80%

Some amounts in this press release may not add up due to rounding. All percentages have been calculated using unrounded amounts.

[7] Operating income margin is calculated as non-GAAP operating income divided by net revenues, excluding potential impact of business development deals depending on timing.
[8] Operating income, Adjusted EBITDA and cash-to-earnings are presented on a non-GAAP basis.
[9] Cash-to-earnings reflects free cash flow divided by non-GAAP net income attributable to ordinary shareholders.
[10] Free cash flow includes cash flow from operating activities, beneficial interest collected in exchange for securitized accounts receivables, proceeds from divestitures of businesses and other assets, net of cash used for capital investment.

About Teva

Teva Pharmaceutical Industries Ltd. (NYSE and TASE: TEVA) is a different kind of global biopharmaceutical leader, one that operates across the full spectrum of innovation to reliably deliver medicines to patients worldwide. For over 120 years, Teva's commitment to bettering health has never wavered. Today, the company's global network of capabilities enables its 37,000 employees across 57 markets to advance health by developing medicines for the future while championing the production of generics and biologics. We are dedicated to addressing patients' needs, now and in the future. Moving forward together with science that treats, inspired by the people we serve. To learn more about how Teva is all in for better health, visit www.tevapharm.com.

Non-GAAP Financial Measures

This document contains certain financial information that differs from what is reported under accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures, including, but not limited to, non-GAAP operating income, non-GAAP operating margin, Adjusted EBITDA, free cash flow, non-GAAP tax rate, non-GAAP finance expenses and non-GAAP diluted EPS, are presented in order to facilitate investors' understanding of our business. We utilize certain non-GAAP financial measures to evaluate performance, in conjunction with other performance metrics. The following are examples of how we utilize the non-GAAP measures: our management and board of directors use the non-GAAP measures to evaluate our operational performance, to compare against work plans and budgets, and ultimately to evaluate the performance of management; our annual budgets are prepared on a non-GAAP basis; and senior management's annual compensation is derived, in part, using these non-GAAP measures. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP. We have not provided forward-looking guidance for GAAP reported financial measures or a quantitative reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP measure because we are unable to predict with reasonable certainty the ultimate outcome of certain significant items including, but not limited to, the amortization of purchased intangible assets, legal settlements and loss contingencies, impairment of long-lived assets and goodwill impairment, without unreasonable effort. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with GAAP.

Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding our financial guidance, which are based on management's current beliefs and expectations and are subject to substantial risks and uncertainties, both known and unknown, that could cause our future results, performance or achievements to differ significantly from that expressed or implied by such forward-looking statements. You can identify these forward-looking statements by the use of words such as "should," "expect," "anticipate," "estimate," "target," "may," "project," "guidance," "intend," "plan," "believe" and other words and terms of similar meaning and expression in connection with any discussion of future operating or financial performance. Important factors that could cause or contribute to such differences include risks relating to:

- our ability to successfully compete in the marketplace, including: that we are substantially dependent on our generic products; concentration of our customer base and commercial alliances among our customers; competition faced by our generic medicines from other pharmaceutical companies and changes in regulatory policy that may result in additional costs and delays; delays in launches of new generic products; our ability to develop and commercialize additional pharmaceutical products; competition for our innovative medicines; our ability to achieve expected results from investments in our product pipeline; our ability to successfully execute our Pivot to Growth strategy, including to expand our innovative and biosimilar medicines pipeline and profitably commercialize the innovative medicines and biosimilar portfolio, whether organically or through business development, and to sustain and focus our portfolio of generic medicines; and the effectiveness of our patents and other measures to protect our intellectual property rights, including any potential challenges to our Orange Book patent listings in the U.S.;

- our significant indebtedness, which may limit our ability to incur additional indebtedness, engage in additional transactions or make new investments; and our potential need to raise additional funds in the future, which may not be available on acceptable terms or at all;
- our business and operations in general, including: the impact of global economic conditions and other macroeconomic developments and the governmental and societal responses thereto; the widespread outbreak of an illness or any other communicable disease, or any other public health crisis; effectiveness of our optimization efforts; significant disruptions of information technology systems, including cybersecurity attacks and breaches of our data security; interruptions in our supply chain or problems with internal or third party manufacturing; challenges associated with conducting business globally, including political or economic instability, major hostilities or terrorism, such as the ongoing conflict between Russia and Ukraine and the state of war declared in Israel; our ability to attract, hire, integrate and retain highly skilled personnel; our ability to successfully bid for suitable acquisition targets or licensing opportunities, or to consummate and integrate acquisitions; and our prospects and opportunities for growth if we sell assets or business units and close or divest plants and facilities, as well as our ability to successfully and cost-effectively consummate such sales and divestitures, including our planned divestiture of our API business;
- compliance, regulatory and litigation matters, including: failure to comply with complex legal and regulatory environments; the effects of governmental and civil proceedings and litigation which we are, or in the future become, party to; the effects of reforms in healthcare regulation and reductions in pharmaceutical pricing, reimbursement and coverage; increased legal and regulatory action in connection with public concern over the abuse of opioid medications; our ability to timely make payments required under our nationwide opioids settlement agreement and provide our generic version of Narcan® (naloxone hydrochloride nasal spray) in the amounts and at the times required under the terms of such agreement; scrutiny from competition and pricing authorities around the world, including our ability to comply with and operate under our deferred prosecution agreement with the U.S. Department of Justice; potential liability for intellectual property right infringement; product liability claims; failure to comply with complex Medicare, Medicaid and other governmental programs reporting and payment obligations; compliance with sanctions and trade control laws; environmental risks; and the impact of Environmental, Social and Governance issues;
- the impact of the state of war declared in Israel and the military activity in the region, including the risk of disruptions to our operations and facilities, such as our manufacturing and R&D facilities, located in Israel, the impact of our employees who are military reservists being called to active military duty, and the impact of the war on the economic, social and political stability of Israel;
- other financial and economic risks, including: our exposure to currency fluctuations and restrictions as well as credit risks; potential impairments of our long-lived assets; the impact of geopolitical conflicts including the state of war declared in Israel and the conflict between Russia and Ukraine; potential significant increases in tax liabilities; the effect on our overall effective tax rate of the termination or expiration of governmental programs or tax benefits, or of a change in our business; and the impact of any future failure to establish and maintain effective internal control over our financial reporting;

and other factors discussed in this document and in our Annual Report on Form 10-K for the year ended December 31, 2024, including in the sections captioned "Risk Factors." Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise. You are cautioned not to put undue reliance on these forward-looking statements.